



Monthly Brief #5, September 2024

### **Royalty Ruling: The Economic Impact of a Taxing Judgment**

The mining royalty issue highlights the consequences of judicial delays and errors in India. In 1990, the Supreme Court ruled in India Cement vs State of Tamil Nadu that royalty was a tax, which was later deemed an error. This misinterpretation stood for years, affecting economic policy.

In 2004, the State of West Bengal vs. Kesoram Industries Ltd. case pointed out the mistake, but a five-judge bench could not overrule India Cement. Finally, in 2024, a nine-judge bench corrected the error, ruling that royalty is not a tax in the Mineral Area Development Authority vs. Steel Authority of India case.

This judicial error, unresolved for decades, raises questions about accountability and efficiency within India's judicial system. Given the significant economic impact, it highlights the need for mechanisms to correct such mistakes swiftly. States can now levy taxes separately from royalties, but this saga underscores the broader issue of delayed justice and its consequences for governance and the economy. The confusion persisted for 35 years, illustrating how judicial decisions can create more burdens than they resolve.

Pradeep S. Mehta  
Editor

## Message for our Readers

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

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## Announcement

CUTS International and the US-India Strategic Partnership Forum (USISPF) signed an MoU on 25 September 2024 to strengthen cooperation in strategic affairs, trade, and economic security. The partnership will focus on research, advocacy, and capacity-building initiatives, enhancing U.S.-India ties and collaboration across the Indo-Pacific region.





## Indian Economy Thrives Amid Global Challenges

India's economy remains resilient despite challenges. Recent gross domestic product (GDP) data shows growth dipping from 8 percent to 6.7 percent. Yet, the country ranks among the world's fastest-growing economies, underscoring its steady rise as a key player in global economic development.



## India Targets Carbon Trading, Emission Cuts in 4 Key Sectors



In a significant move towards achieving its climate goals, India is looking to establish carbon emission reduction targets for four key sectors heavily dependent on fossil fuels. The sectors include petrochemicals, iron and steel, cement, and pulp and paper. This initiative aligns the country's industrial sector with its broader greenhouse emissions reduction target.

- [India's Tax Reforms: Boosting Growth, Innovation, and Sustainability](#) | Times of India, September 18, 2024
- [Think Tank: Sustainable Food System Challenges Hurt India's Trade](#) | Rhik Kundu, Livemint, September 13, 2024
- [Trade Connect e-Platform: Boosting India's Export Market Share](#) | Yash Kumar Singhal, Business Standard, September 11, 2024
- [India's Green Trade Revolution: Challenges and Opportunities for Growth](#) | Brinda Kundu & Harsh Dabas, Live Law.in, August 31, 2024



## CCI's Merger Overhaul May Extend Timelines, Boost Filings

The latest combination regulations introduce a deal value threshold and substantial business criteria, marking India's merger control regime's 'single largest overhaul'. Key amendments introduce shorter timelines for assessing combinations and allow hearings before the CCI upon request during merger reviews, providing beneficial changes for the industry.



## TRAI Tightens Quality of Service Norms



Despite opposition, the Telecom Regulatory Authority of India (TRAI) has mandated that telecom companies submit compliance reports from October 01, 2024. The new rules aim to improve service quality and impose higher penalties for non-compliance. Telcos must report quarterly on fixed, wireless, and broadband services, with increased fines for rule violations.

- [Industry Endorses Withdrawal of Draft Digital Competition Bill](#) | Akanksha Nagar, September 26, 2024
- [Governments Intensify Data Use Regulation for Social Media](#) | Policy Circle Bureau, September 23, 2024
- [PNGRB Creates Panel for CGD Sector Competition Issues](#) | The Hindu Business Line, September 20, 2024
- [Bilateral Flying Rights Talks to Begin](#) | Arindam Majumder, The Economic Times, September 12, 2024



## On the Challenges to Road Safety in India

The "India Status Report on Road Safety 2024," prepared by the TRIP Centre at IIT Delhi, not only highlights India's slow progress toward meeting international goals of reducing road accident fatalities but also emphasises the organic connection between road construction, mobility, and the need for a differentiated approach to mitigate road accidents.



## FSSAI Signs MoU with Brazil in Area of Food Safety



The Food Safety and Standards Authority of India (FSSAI) signed an MoU with Brazil's Ministry of Agriculture and Livestock (MAPA) on the sidelines of the Global Food Regulators Summit, 2024. The MoU starts a new phase of cooperation aimed at improving food safety through joint projects and technical collaboration.

- [Policies to Remove Barriers for Differently-Abled Children](#) | The Economic Times, September 28, 2024
- [Kerala Tops Food Safety Ranking Again](#) | Kavita Bajeli-Datt, The New Indian Express, September 20, 2024
- [Misleading Ads: How Global Brands vs India's Regulations](#) | Vasanth Rajasekaran and Harshvardhan Korada, The Hindu Business Line, Updated - September 15, 2024
- [Centre to Release Policy on FPOs](#) | Harikishan Sharma, The Indian Express, September 04, 2024

## Event

- Empowering Growth-Investing in Education and Upskilling India's Workforce for Tomorrow | September 27, 2024  
(<https://cuts-ccier.org/empowering-growth-investing-in-education-and-upskilling-indias-workforce-for-tomorrow/>)

## Articles

- [Energy Security Needs Diversification](#)  
By Pradeep S Mehta, Financial Express, September 24, 2024
- [Reforming the Process of Judicial Appointments](#)  
By Pradeep S Mehta, The Hindu, September 02, 2024

## Publications

- Empowering Consumers: *The Evolution and Challenges of Grievance Redressal in the Digital Age*  
(<https://cuts-ccier.org/pdf/white-paper-Empowering-consumers-the-evolution-and-challenges-of-grievance-redressal-in-the-digital-age.pdf>)
- Interface of Multihoming and Omni-Channels with Competition Enforcement in India  
(<https://cuts-ccier.org/pdf/research-report-interface-of-multihoming-and-omni-channels-with-competition-enforcement-in-india.pdf>)
- Evolution of Commitment and Settlement Framework in India and the Way Forward  
(<https://cuts-ccier.org/pdf/policy-paper-evolution-of-commitment-and-settlement-framework-in-india-and-the-way-forward.pdf>)