Press Release

24th August, 2025

CAIT seeks reclassification of articles under proposed tax slabs in GST
Carbonated Beverages be placed under 18% GST slab to support small traders-urged CAIT to FM

The Confederation of All India Traders (CAIT), has hailed Prime Minister Shri Narendra Modi's clarion call for next-generation GST reforms as a landmark step towards making GST a true consumer bonanza.

In a communication sent to Union Finance Minister Smt Nirmala Sitharaman, the CAIT said the Prime Minister's vision of simplifying GST and rationalising tax slabs is a historic opportunity to strengthen India's domestic trade ecosystem, particularly benefiting small retailers, kirana stores, hawkers, and pan shops who form the backbone of last-mile retail in the country.

CAIT National President Shri B C Bhartia in his letter said that at a time when GST tax system is being overhauled, it is necessary that on the one side the tax slabs are redefined whereas the burden of multiple compliance should be the prime object of reforms.

Citing a CAIT-commissioned study with Hansa Research, Shri Bhartia highlighted that beverages alone account for nearly 30% of sales volumes for small kirana stores. However, the current higher tax incidence on carbonated beverages has constrained liquidity and reduced earnings potential for small sellers, despite these products being among the highest turnover items.

"Beverages are mass-consumption items sold primarily by small traders who work on very narrow margins. Rationalising GST on this category would ease their operating pressures, improve their earnings, and accelerate formalisation of the sector, where more than 80% still remains unorganised," said Shri Bhartia.

CAIT noted that global average tax rates on beverages stand between 16–18%, and a calibrated shift of carbonated beverages to the 18% GST slab would align India with global practice while boosting domestic formalisation. Fiscal analysis suggests such a move would be both socially equitable and revenue-positive for the Government over the medium term.

On behalf of the trading community, CAIT urged that under the Prime Minister's proposed GST reforms, carbonated beverages be reclassified into the 18% slab. This step, it said, would provide meaningful relief to small retailers, support job creation across the value chain, and expand government revenues through a broader tax base.

"Prime Minister Modi's announcement has infused immense hope among traders. We strongly believe that GST rationalisation in key everyday-use categories like beverages will be a transformative step for small businesses, consumers, and the economy alike," Shri Bhartia added.

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