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Getting GST 2.0 to Run Like a Well-Oiled Machine

Context

- The clearance of **GST 2.0 reforms** by the Goods and Services Tax (GST) Council at its 56th meeting on September 3, 2025, marks a **transformative moment in India's indirect tax framework**.
- The **reform is not merely a technical restructuring of tax slabs** but a sweeping simplification that directly impacts consumers, micro, small, and medium enterprises (MSMEs), industry, and the broader economy.
- Its **implications stretch from easing compliance burdens to moderating inflation** and boosting consumption, making it one of the most significant fiscal interventions since the GST's inception in 2017.

The Road to Reform and Simplification of Tax Slabs

- **The Road to Reform**

- The **Confederation of Indian Industry (CII)** played a **pivotal role** in advocating for change.
- Since December 2024, it has consistently highlighted the inefficiencies of the old system, cumbersome compliance requirements, inverted duty structures, and classification disputes.
- **MSMEs, in particular, bore the brunt of these challenges**, often struggling with high tax burdens on essential goods and procedural bottlenecks.
- The **reforms announced in September 2025 represent the fruition of years of policy advocacy**, industry engagement, and economic analysis, including repeated recommendations from the Economic Survey.

- **Simplification of Tax Slabs**

- At the heart of GST 2.0 lies a **fundamental restructuring of tax rates**.
- The **previous four-tier system (5%, 12%, 18%, and 28%) has been collapsed into three simplified slabs**: 5% for essentials, 18% as the standard rate, and 40% for luxury and sin goods.
- This **move not only reduces confusion** and litigation but also directly benefits consumers.
- The **finance minister emphasized that 99% of goods and services will now fall under zero, 5%, or 18%**, a shift that translates into tangible savings for households, particularly middle- and lower-income families.

- The **decision to move several daily-use goods, household items, toiletries, and small appliances**, into lower tax brackets represents a deliberate attempt to **ease the cost-of-living burden and curb inflationary pressures**.
- By simplifying classification and reducing rates, **the reform enhances predictability and fairness in the tax system**.

Gains for Industry and MSMEs

- While consumers gain from lower prices, **industries, especially MSMEs, stand to benefit structurally**.
- The **new regime reduces input costs, minimises litigation**, and lightens compliance burdens.
- Sectors **such as fast-moving consumer goods (FMCG), textiles, cement, farm equipment**, and small vehicles, which were previously hampered by higher rates or inverted duty structures, are **expected to experience significant relief**.
- **The CII has already signalled industry's commitment to ensuring that savings are passed on to consumers**, with many companies planning benefits beyond the mandated tax cuts.
- Simultaneously, **the organisation is working with authorities on labelling, packaging, and inventory transition** to ensure smooth implementation.
- **Capacity-building programs** and awareness campaigns, particularly targeted at MSMEs, **are central to this transition**.

Broader Economic Implications

- **Reduced costs for households will spur demand**, especially in rural and semi-urban areas where price sensitivity is high.
- Analysts estimate that **the reforms could add over one percentage point to GDP growth**, largely through heightened consumption and improved business confidence.
- **Inflation moderation**, particularly in essential commodities, **will provide additional relief to households**.
- For the government, however, **the reforms entail short-term revenue sacrifices running into tens of thousands of crores**.
- Yet, **these costs may be offset in the medium term by increased consumption**, greater formalisation, improved compliance, and fiscal buoyancy.
- **The reform thus reflects a strategic trade-off** between immediate fiscal pressures and long-term economic gains.

The Challenges Ahead

- Despite its promise, **GST 2.0's success hinges on effective implementation**.
- **Ensuring that tax cuts are passed on to consumers**, rather than absorbed upstream, will require vigilance.
- **Administrative readiness across the Goods and Services Tax Network (GSTN)**, State revenue departments, and metrology and labelling authorities will be crucial.

- **For MSMEs**, which often lack sophisticated legal or accounting support, **targeted assistance and simplified guidance are essential.**
- **Feedback mechanisms must also be strengthened** to address transitional challenges, classification disputes, handling of old stock, and packaging adjustments.
- The **reform must remain dynamic, capable of fine-tuning** based on the lived experiences of businesses and consumers alike.

Conclusion

- GST 2.0 represents **a defining moment in India's economic reform journey.**
- **By simplifying tax structures**, easing compliance, and lowering the burden on households, **it strengthens the trust between government, industry, and consumers.**
- **While challenges of execution remain, the collaborative approach** signalled by both the government and industry **offers a strong foundation for success.**

Getting GST 2.0 to Run Like a Well-Oiled Machine FAQs

Q1. What is the central change introduced by GST 2.0?

Ans. GST 2.0 simplifies the tax structure by collapsing four slabs into three: 5% for essentials, 18% standard, and 40% for luxury and sin goods.

Q2. How will consumers benefit from GST 2.0?

Ans. Consumers will pay lower taxes on many daily-use goods, leading to direct savings and moderation of inflation.

Q3. Why are the reforms especially significant for MSMEs?

Ans. MSMEs will face reduced input costs, fewer compliance burdens, and less litigation, improving their margins and ease of doing business.

Q4. What broader economic impact is expected from the reforms?

Ans. The reforms are likely to boost consumption, especially in rural and semi-urban areas, and may add over one percentage point to GDP growth.

Q5. What is the key challenge for ensuring the success of GST 2.0?

Ans. Effective implementation is crucial, particularly ensuring that tax cuts reach consumers and that MSMEs receive adequate support during the transition.

Source: [The Hindu](#)

Lessons From India's Vaccination Drive

Context

- **Vaccination is widely regarded as one of the most effective, cost-efficient,** and sustainable public health measures, **responsible for saving millions of lives worldwide.**
- India, home to one-sixth of the global population, operates the **world's largest immunisation programme**, reaching both infants and pregnant women on an unprecedented scale.
- **Over the past decade, the country has made remarkable progress in improving immunisation coverage,** introducing new vaccines, and integrating digital innovations into public health infrastructure.
- However, **despite these successes, challenges such as vaccine hesitancy,** disruptions from the COVID-19 pandemic, **and gaps in last-mile delivery persist.**

Expanding Coverage and Impact

- The **Universal Immunisation Programme (UIP)** has been the backbone of India's vaccine strategy.
- **Each year, it provides free immunisation to approximately 2.6 crore infants** and 2.9 crore pregnant women, helping to reduce the under-five mortality rate from 45 per 1,000 live births in 2014 to 31 in 2021.
- The **UIP protects against 12 diseases, including polio, measles, rubella, and tetanus, and has expanded in recent years to include vaccines for rotavirus,** pneumococcal disease, and Japanese encephalitis.
- Recognising gaps in coverage, India launched **Mission Indradhanush (MI) in 2014** with the ambitious goal of reaching 90% full immunisation.
- **Its intensified phases (IMI) targeted underserved populations,** including remote, migratory, and hesitant communities.
- **By 2023, these campaigns had successfully vaccinated over 5.46 crore children** and 1.32 crore pregnant women.
- Their **integration with initiatives such as Gram Swaraj Abhiyan** demonstrated how **immunisation could be woven into broader community development agendas.**

Achievements and Global Recognition

- India's vaccination efforts have produced several historic milestones.
- The country has maintained **polio-free status since 2011**, eliminated maternal and neonatal tetanus by 2015, and was declared **Yaws-free in 2016.**
- The **nationwide Measles-Rubella campaign** between 2017 and 2019 vaccinated nearly 35 crore children, making it one of the largest catch-up campaigns ever conducted.
- The COVID-19 pandemic tested India's resilience, but also highlighted its capacity.
- The **COVID-19 vaccination programme**, launched in January 2021, rapidly scaled to deliver more than 220 crore doses by January 2023, covering nearly the entire eligible population.
- This **achievement underscored India's manufacturing strength and innovation,** bolstered by domestic vaccine development and global solidarity initiatives like **Vaccine Maitri**, which supplied doses to low- and middle-income countries.
- In recognition of these efforts, India received the **Measles and Rubella Champion Award in 2024,** reflecting its global leadership in immunisation.

Persistent Challenges

- **Despite progress, several obstacles hinder universal coverage.** Hard-to-reach geographies, migratory populations, and low-awareness clusters remain under-served.
- Moreover, **vaccine hesitancy**, often fuelled by misinformation, creates pockets of vulnerability.
- The COVID-19 pandemic also disrupted routine services, contributing to **measles outbreaks between 2022 and 2024**, exposing immunity gaps.
- **Addressing these challenges requires innovative strategies** such as zero-dose outreach, strengthened community engagement, and the monitoring of anti-vaccine narratives.

The Way Forward

• Technology and System Strengthening

- A defining feature of India's immunisation strategy has been the integration of **digital platforms and logistics systems**.
- Building on the success of **Co-WIN**, the government launched **U-WIN**, a platform for end-to-end digital vaccination management, ensuring seamless record-keeping for children and pregnant women.
- Supporting systems such as the **electronic Vaccine Intelligence Network (eVIN)** and the **National Cold Chain Management Information System** help track stocks and monitor cold chains in real-time, while the SAFE-VAC module ensures vaccine safety reporting.
- These advances not only streamline operations but also extend coverage to migratory populations and underserved regions, making immunisation more inclusive and efficient.

• Towards a One-Health Future

- Looking ahead, India's immunisation programme must be closely integrated with **disease surveillance and pandemic preparedness**.
- The experience of COVID-19 and recent measles outbreaks has underscored the importance of adopting a **One-Health approach**, linking human, animal, and environmental surveillance systems.
- **By aligning immunisation with broader health security frameworks, India can both safeguard its population** and contribute to global epidemic preparedness.

Conclusion

- **India's immunisation journey reflects an extraordinary combination of political commitment, technological innovation**, and global solidarity.
- From eliminating polio and tetanus to rolling out the world's largest COVID-19 vaccination drive, **the country has set benchmarks for others to follow**.
- **Yet, to sustain and expand these gains, India must tackle persistent gaps in awareness, last-mile delivery**, and vaccine hesitancy, while embedding immunisation efforts into a broader One-Health paradigm.

- **As the world's largest vaccine producer and a leader in public health, India's path forward** will not only determine its own population's health outcomes but **also influence the global vaccine landscape.**

Lessons From India's Vaccination Drive FAQs

Q1. What is the Universal Immunisation Programme (UIP) in India?

Ans. The Universal Immunisation Programme is the world's largest vaccination initiative, providing free immunisation against 12 diseases to millions of infants and pregnant women every year.

Q2. What was the main goal of Mission Indradhanush launched in 2014?

Ans. Mission Indradhanush aimed to increase full immunisation coverage in India to 90% by targeting low-coverage and underserved populations.

Q3. Which major diseases has India successfully eliminated through vaccination?

Ans. India has eliminated polio, maternal and neonatal tetanus, and Yaws through strong vaccination efforts.

Q4. How did digital technology strengthen India's vaccination system?

Ans. Digital platforms like Co-WIN, U-WIN, and eVIN improved record-keeping, vaccine stock tracking, cold chain monitoring, and outreach to migratory populations.

Q5. Why is the One-Health approach important for future immunisation efforts?

Ans. The One-Health approach is important because it links human, animal, and environmental disease surveillance, making immunisation more effective for pandemic preparedness.

Source: [The Hindu](#)

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