

22.8.2025

**Smt Nirmala Sitharaman,
Honorable Minister,
Ministry of Finance and Corporate Affairs,
Government of India**

**Subject: Request for Rationalisation of GST Rates for Apparel, Footwear, Restaurants,
Mobile phones and Laptops in the Upcoming GST Reforms expected around Diwali 2025.**

Honourable Minister,
Greetings from the Retailers Association of India (RAI)!

Retailers Association of India (RAI) is the unified voice of Indian retailers. RAI works closely with all stakeholders to create a conducive environment for the growth and development of modern retail in the country. With approximately 14,000 retail and associate members, representing around 700,000 retail stores across India, RAI serves as the premier body representing the Indian retail industry.

At the outset, **we would like to commend the Government of India for initiating GST Reform 2.0—a much-needed step towards simplifying and streamlining the indirect tax regime. We appreciate the government's continuous efforts to make GST more equitable, efficient, and growth-oriented, particularly in light of the evolving needs of businesses and consumers alike.**

On behalf of our members and the broader retail community, we would like to respectfully submit our concerns and recommendations regarding the current GST structure applicable to apparel, footwear, restaurants, mobile phones and laptops. These sectors, which are highly employment-generating and consumer-facing, are seeking a rationalisation of GST rates under the proposed reforms expected around Diwali 2025.

We have attached a detailed submission outlining our key points and proposals for your kind consideration. We sincerely appreciate the Government's ongoing support of the retail sector and remain hopeful that our recommendations will be taken into consideration during the upcoming deliberations.

We look forward to continued collaboration and dialogue with your office and the GST Council.

With warm regards,



Gautam Jain,
Director – Finance and Advocacy,
Retailers Association of India

Rationalisation of GST Rates for Apparel and Footwear

On behalf of **Retailers Association of India (RAI)** and its members in the apparel and footwear sectors, we welcome the Government's initiative to simplify India's GST framework under the upcoming **GST 2.0 reforms**. We take this opportunity to place on record a vital recommendation that directly affects **lakhs of retailers in apparel and footwear sectors**, employees, and consumers across India.

Background

- The apparel and footwear sectors are major contributors to employment in India, especially in MSMEs, women's workforce, and unorganised sector supply chains.
- It is also a price-sensitive segment, heavily dependent on discretionary consumer spending.
- Under the current regime, GST at 12% applies to apparel above ₹1,000, and 5% applies below ₹1,000. Similarly, GST at 18% applies to footwear above ₹1,000, and 5% applies below ₹1,000. This leads to classification disputes, compliance issues, and consumer confusion.

RAI Submission

- **Simplification Needed:** The dual slab system (5% and 12%) has led to operational challenges at the retail level, creating complexities in billing, inventory management, and compliance.
- **Impact on Consumers:** Higher GST on essential apparel and footwear increases prices, directly affecting middle- and lower-income households.

Recommendation

- **Uniform GST Rate:** We strongly urge the GST Council to fix a uniform GST rate of 5% on all categories of apparel and footwear. This will eliminate classification disputes, support compliance, and boost consumer demand.
- **Support for Employment & MSMEs:** Rationalisation will directly support lakhs of small manufacturers and retailers, especially in Tier II & III cities.

Conclusion

The apparel and footwear sectors are mass consumption industries and any relief in GST will directly benefit the common consumer, strengthen retail growth, and support job creation.

Rationalisation of GST Rates for Restaurants

On behalf of **Retailers Association of India (RAI)** and its members in the foodservice and restaurant sectors, we welcome the Government's initiative to simplify India's GST framework under the upcoming **GST 2.0 reforms**. We take this opportunity to place on record a vital recommendation that directly affects **lakhs of restaurant operators**, employees, and consumers across India.

Background & Current Issues

Currently, the GST structure for restaurant services is fragmented:

Type of Restaurant	GST Rate	ITC Available
Standalone Restaurants	5%	☒ No
Hotel Restaurants (Room < ₹7,500)	5%	☒ No
Hotel Restaurants (Room ≥ ₹7,500)	18%	☒ Yes
Composition Scheme (Small Restaurants)	5%	☒ No

This multi-tiered approach creates **inefficiencies, tax cascading, and compliance difficulties**. The unavailability of ITC increases operating costs, which are ultimately passed on to consumers, **contradicting the very purpose of a seamless GST regime**.

RAI's Request

As a part of the upcoming GST 2.0 reforms, we respectfully urge the Ministry of Finance and the Hon'ble GST Council to consider:

◇ **Implement a uniform GST rate of 5% with ITC for all restaurant services**, regardless of location, size, or association with hotels.

Justification for the Request

1. ☒ **Promotes Fair Taxation**
 - ITC is a fundamental pillar of GST to avoid tax-on-tax. Denying ITC to restaurants breaks this chain, distorts the system, and penalizes legitimate businesses.
2. ☒ **Reduces Consumer Costs**
 - With ITC, restaurants can reduce menu prices by 5–7%, stimulating demand and boosting consumption.
3. ☒ **Boosts Compliance and Formalization**
 - A single GST rate with ITC will simplify registration, invoicing, and reporting, encouraging unorganized eateries to join the formal economy.

4. ☒ **Avoids Revenue Leakage**
 - ITC encourages invoice matching and reporting integrity, reducing scope for black income and tax evasion.
5. ☒ **Removes Arbitrary Distinction Between Hotel and Non-Hotel Restaurants**
 - Taxation should be on the service, not the premises. Food served at a restaurant should attract one rate irrespective of hotel room tariffs.

Conclusion

The restaurant industry is a major contributor to India's employment and urban economy. A simplified **5% GST with ITC regime** will align with the spirit of GST as a unified, transparent tax. It will also provide a much-needed boost to a sector.

Hence, we urge the Hon'ble Council to include this reform in the final GST 2.0 structure to be announced ahead of Diwali 2025.

Request for Reduction of GST on Mobile Phones and Laptops to 5% under GST 2.0

On behalf of **Retailers Association of India (RAI)** and its members dealing in mobile phones and laptops, we welcome the Government's initiative to simplify India's GST framework under the upcoming **GST 2.0 reforms**. We take this opportunity to place on record a vital recommendation that directly affects **lakhs of mobile phone and laptops retailers**, employees, and consumers across India.

Background

Mobile phones and laptops are no longer a luxury. They are an **indispensable tool for digital access**, essential for services such as education, healthcare, banking, employment, and government delivery platforms. At present, however, mobile phones and laptops are taxed at **18% GST**.

RAI's Recommendation

We respectfully urge the Ministry of Finance and the Hon'ble GST Council to consider:

Reclassifying mobile phones and laptops under the 5% GST slab as part of the GST 2.0 reforms.

Justification for 5% GST on Mobile Phones and Laptops

1. **Essential for Digital India:** Mobile phones and laptops are vital for bridging the digital divide. Lowering GST will empower rural and economically weaker citizens with access to digital infrastructure.
2. **Boost to Domestic Production:** Reducing GST and correcting the inverted duty structure will support the "Make in India" initiative, helping MSMEs and domestic assemblers.
3. **Affordability for Consumers:** A lower tax rate will directly benefit consumers, particularly in lower-income segments, by reducing the cost of ownership.
4. **Retail and Economic Growth:** Lower GST will enhance consumption, support retail growth, and improve compliance through volume-driven revenue collection.

Conclusion

A simplified and rationalized GST regime that classifies mobile phones and laptops as essential goods under the **5% slab** will directly contribute to the Government's goals of **digital empowerment, economic inclusion, and job creation**.