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PRESERVING TRADITION, POWERING GROWTH ROLE OF GST 2.0 IN UNLOCKING THE ECONOMIC POTENTIAL OF TRADITIONAL KNOWLEDGE AND GI PRODUCTS FOR VIKSIT BHARAT @ 2047

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Abstract

On 22 September 2025, India implemented the next generation of its Goods and Services Tax (GST) regime, commonly referred to as GST 2.0. This reform consolidated the original four-slab structure into a simplified two-tier system of 5% and 18%. It explicitly reduced the rate on thirty-nine categories of handcrafted and artisanal goods to 5%, with a further reduction to 3% for silver filigree work and handmade imitation jewelry, as specified in Notification No. 11/2025-CTR. This paper, to the best of current knowledge, presents the first integrated post-reform assessment of how GST 2.0 interacts with India's portfolio of 658 registered Geographical Indications (GIs) and the Traditional Knowledge (TK) systems that underpin them. India's GI economy, which supports approximately 6.47 million handloom and handicraft artisans and achieved handicraft exports of Rs 33,123 crore in FY 2024-25, has historically operated under a premium price ceiling of 10 to 15%, compared to a European benchmark of 40 to 60%. This disparity is attributed here to the absence of GI-specific fiscal instruments. The central argument advanced is that, while GST 2.0 has provided a much-needed rate relief to the artisan economy, it leaves three structural gaps unaddressed. First, the new 5% slab does not differentiate between authentic GI-registered goods and machine-made imitations, thereby undermining the premium associated with GI status. Second, the revised GST framework does not allocate any revenue to a community-benefit-sharing mechanism, as envisaged by India's commitments under the Nagoya Protocol. Third, the compliance architecture remains fundamentally challenging for cluster-based, low-digital-literacy artisan communities. Drawing on the WIPO Treaty on Genetic Resources and Associated Traditional Knowledge of 24 May 2024, comparative French AOC and Italian DOP-DOCG frameworks, and post-reform CBIC notifications, this paper proposes a six-pillar GST 2.5 framework. The framework includes a GI-Authenticated Concessional Slab, a Traditional Knowledge Value Fund, GI Cluster Compliance Hubs, and an Inter-Ministerial GI-GST Convergence Council. It further projects an expansion of GI exports from USD 4 billion in 2024 to USD 20 billion by 2035, and the creation of 3.2 million additional rural livelihoods in support of the Viksit Bharat @ 2047 vision of a USD 30 trillion economy.

Keywords: GST 2.0, Geographical Indications, Traditional Knowledge, Heritage Economy, Artisan Economy, Tax Policy.

I. Introduction: A Civilizational Economy at the Inflection Point

On the night of 21 and 22 September 2025, India's Goods and Services Tax (GST) system underwent its most significant restructuring since its inception on 1 July 2017, described by the Prime Minister as a "historic Diwali gift" to the nation. Following the recommendations of the 56th GST Council meeting held on 3 September 2025, the Central Board of Indirect Taxes and Customs (CBIC) issued a series of notifications dated 17 September 2025 (Notifications 9 to 17/2025-Central Tax (Rate)). These notifications consolidated the original four-tier slab structure of 5, 12, 18, and 28 % into a simplified two-tier regime of 5 and 18 %, while retaining a 40 % residual rate for items classified by the Council as sin and luxury goods.¹ Among the less publicized yet highly significant reforms in this analysis was Notification No. 11/2025-CTR, which amended Notification 21/2018-CTR to introduce concessional rates for 39 categories of handcrafted, handmade, and artisanal goods. These categories include handcrafted candles, handwoven textiles, hand-knotted carpets, art metalware in brass, copper, iron, and aluminum, original paintings, sculptures, hand-painted works, bamboo and rattan furniture, dolls,

¹ Press Information Bureau, Ministry of Finance, Government of India, GST Reforms 2025: Relief for Common Man, Boost for Businesses, PIB Press Note (17 September 2025), available at <https://www.pib.gov.in/PressNoteDetails.aspx?NoteId=155151>.



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Ganjifa cards, and carved materials. All were assigned a uniform 5% rate, with silver filigree work and handmade imitation jewelry further reduced to 3%.²

Collectively, these notifications are referred to as **GST 2.0**. For India's heritage economy, defined here as the network of artisans, weavers, farmers, and traditional-knowledge-holding communities whose products are eligible for Geographical Indication (GI) protection under the Geographical Indications of Goods (Registration and Protection) Act, 1999, this marks the first instance in independent India's fiscal history where the artisan sector has been the explicit beneficiary of a targeted, rate-specific tax intervention. As of early 2026, the GI Registry database recorded over 658 registered GIs, with 23 new registrations between April 2024 and March 2025.³ The handloom and handicraft sector employs approximately 6.47 million artisans, with women comprising 71% of handloom weavers and 64% of all artisans. Exports of handicrafts (excluding hand-knotted carpets) reached Rs 33,122.79 crore in FY 2024-25, a significant increase from Rs 20,082.53 crore a decade earlier.⁴

However, the post-reform period remains incomplete. The 5% concessional rate notified on 17 September 2025 applies to entire *product classes*, such as handcrafted candles or hand-knotted carpets, rather than to Geographical Indication (GI)-authenticated sub-segments within those classes. As a result, machine-imitated "hand-knotted" carpets produced in non-GI workshops benefit from the same 5% tax rate as authentic GI-tagged Bhadohi or Mirzapur carpets. Consequently, the civilizational premium intended by GI status is not reflected in fiscal policy. Recent empirical studies highlight this disparity. Indian GI products achieve price premiums of approximately 10 to 15% over generic equivalents, compared to a European benchmark of 40 to 60%.⁵

The Viksit Bharat @ 2047 vision, articulated in NITI Aayog's blueprint for transforming India into a USD 30 trillion economy with a per-capita income of approximately USD 18,000 by the centenary of independence,⁶ provides the developmental context for this inquiry. Achieving this target requires the Indian economy to expand ninefold from its current USD 3.36 trillion base, necessitating a fundamental repositioning of under-monetized yet high-value sectors, such as the Geographical Indications (GI) economy. The OECD's framework on value creation and value capture in the post-digital age⁷ demonstrates that the tax instrument functions not only as a revenue-raising tool but also as a structural determinant of where economic surplus accumulates within the value chain. Accordingly, the central research question addressed in this paper is whether GST 2.0, in its September 2025 form, achieved sufficient progress, and if not, what additional fiscal-policy architecture is required for India to transform its 658 GIs and its civilizational traditional knowledge (TK) reservoir into the engine of inclusive growth envisioned by Viksit Bharat @ 2047.

This paper argues that GST 2.0 has been a necessary but insufficient intervention. A GST 2.5 architecture is required, incorporating a GI-authenticated concessional slab, a Traditional Knowledge Value Fund to operationalize India's Nagoya Protocol commitments, GI Cluster Compliance Hubs to address the compliance-cost barriers faced by sub-threshold

² CBIC, Notification No. 11/2025-Central Tax (Rate), dated 17 September 2025, revising Notification No. 21/2018-CTR on handicrafts and artware.

³ BananaIP Counsels, 'New Geographical Indications Registrations in India (April 2024-March 2025): 23 Additions Across States,' Intellopedia, May 2025; Office of the Controller General of Patents, Designs & Trade Marks (CGPDTM), Annual Report 2024-25 (New Delhi: GoI, 2025).

⁴ Press Information Bureau, Ministry of Textiles, Government of India, Handicrafts at the Heart of India's Rural Economy (9 December 2025).

⁵ V. Vikanasan, M. Manimegalai, K.R. Sundaravaradharajan, M. Vaidheki and Sharath S. Yeligar, "Policy Gaps in GI Protection: Strengthening Farmer Benefits," (2025) 7(1) *International Journal of Social Science and Education Research* 713. DOI: 10.33545/26649845.2025.v7.i1i.268.

⁶ Arvind Virmani, *Viksit Bharat: Unshackling Job Creators and Empowering Growth Drivers*, NITI Aayog Working Paper (June 2024) <https://www.niti.gov.in/>

⁷ OECD, Value Creation and Value Capture in the Digital Age, Science, Technology and Industry Policy Papers No. 51 (Paris: OECD, 2019).



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artisans, and a permanent inter-ministerial coordination body. The contribution of this study lies in bridging previously siloed scholarship, specifically, IP-law analyses of GIs, development-economics studies of artisan clusters, and tax-policy assessments of GST, into a single integrated framework focused on the post-September 2025 Indian context.

II. Conceptual Foundations: Traditional Knowledge, GI Products, and the Tax Instrument

Traditional Knowledge, as defined by the WIPO Intergovernmental Committee, encompasses the knowledge, know-how, skills, innovations, and practices that indigenous and local communities have developed and maintained as integral components of their cultural and social identity. India ranks among the world's richest Traditional Knowledge economies, both quantitatively and in terms of civilizational depth. The Council of Scientific and Industrial Research's Traditional Knowledge Digital Library (TKDL), established in 2001 and utilized by twenty-two international patent offices, has cataloged over 360,000 formulations from Ayurveda, Unani, Siddha, Sowa-Rigpa, and yoga traditions⁸ making it one of the most comprehensive instruments for the defensive protection of Traditional Knowledge in the developing world. The TKDL has played a critical role in countering biopiracy at the European Patent Office and the United States Patent and Trademark Office in the turmeric, neem, basmati, and Darjeeling cases.⁹ Although its primary function has remained defensive rather than commercial.

Geographical Indications (GIs), in contrast, represent the most economically actionable form of Traditional Knowledge. A GI tag, regulated by the Geographical Indications of Goods (Registration and Protection) Act, 1999, and consistent with Articles 22 to 24 of the WTO TRIPS Agreement, certifies that a product possesses qualities, reputation, or characteristics attributable to a specific geographical origin. In nearly all Indian cases, these qualities are inseparable from the Traditional Knowledge maintained by local communities. Kasturi Das, in a leading Indian scholarly analysis, argues that GIs function simultaneously as instruments of trade policy, rural development, and cultural heritage preservation, rendering them structurally polyvalent in a manner unmatched by most other policy instruments.¹⁰

The intersection of tax policy with the Traditional Knowledge-Geographical Indications (TK-GI) framework has been conceptualized by Madhavi Sunder as "IP³." Sunder contends that intellectual property law should be restructured to recognize culture, community, and creativity as interconnected legal subjects rather than solely as commercial assets.¹¹ According to Sunder, the tax system, as a branch of public law, has significant distributive implications and should not disregard the cultural and communal dimensions of GI production. For example, an artisan who hand-weaves a Kanchipuram silk sari is not economically equivalent to a synthetic textile mill, and a tax regime that treats them identically is not only inefficient. In Amartya Sen's terms, such a system denies communities the substantive freedom to lead lives they have reason to value.¹²

The OECD's analytic distinction between value creation and value capture serves as the operational foundation for this analysis.¹³ Traditional knowledge generates value through its integration in production processes that resist mechanical replication, such as the precise yarn twist of Pochampally Ikat weavers, the fermentation curve of Nashik wine growers, the herbal formulary of Coorg coffee cultivators, or the firing temperature of Khurja pottery. Geographical Indication (GI) registration functions as the legal mechanism that captures this value through a protected denomination of origin. Value *realization*, defined as the conversion of the protected denomination into income for the traditional knowledge-holding

⁸ Council of Scientific and Industrial Research (CSIR), Traditional Knowledge Digital Library: Progress Report 2023 (New Delhi: CSIR-TKDL, 2023).

⁹ Martin Fredriksson, "India's Traditional Knowledge Digital Library and the Politics of Patent Classifications," (2023) 34(1) *Law and Critique* 1, DOI: 10.1007/s10978-021-09299-7.

¹⁰ Kasturi Das, "Select Issues and Debates around Geographical Indications with Particular Reference to India," (2008) 42(3) *Journal of World Trade* 461, DOI: 10.54648/TRAD2008021.

¹¹ Madhavi Sunder, 'IP³,' 59(2) *Stanford Law Review* 257 (2006).

¹² Amartya Sen, *Development as Freedom* 248-251 (Oxford University Press, 1999).

¹³ *Supra* note 7.



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community, depends on a third condition, i.e., a fiscal and regulatory environment that preserves the premium by minimizing compliance costs, avoiding arbitrary tax slabs, and differentiating between GI and non-GI substitutes. India's Goods and Services Tax (GST) architecture, including its post-September 2025 GST 2.0 iteration, only partially fulfills this third requirement.

The adoption in Geneva in May 2024 of the WIPO Treaty on Intellectual Property, Genetic Resources and Associated Traditional Knowledge, the first new intellectual property treaty under WIPO auspices in over a decade, introduces a binding international dimension to this issue.¹⁴ The treaty establishes a mandatory disclosure-of-origin requirement for patent applications that rely on genetic resources or associated traditional knowledge. India played a leading role in the Intergovernmental Committee negotiations preceding the treaty's adoption. Effective domestic implementation of the treaty will require an integrated traditional knowledge-Geographical Indication-tax architecture of the type outlined in this analysis, to ensure that benefit-sharing from genetic resources results in economic empowerment for the relevant communities.

III. GST 2.0 in September 2025: A Forensic Reading of the Notifications

A comprehensive evaluation of the September 2025 reforms must start with an analysis of their textual provisions. Notifications 9 to 17/2025-CTR, published on 17 September 2025 and effective from 22 September 2025, introduced three significant structural changes.¹⁵ First, the four-slab system was consolidated into a two-slab regime. Approximately 99% of items previously in the 12% slab were moved to the 5% slab, and about 90% of items previously in the 28% slab were moved to the 18% slab. A new 40% rate was established for sin and luxury categories, while cigarettes, chewing tobacco, beedi, and zarda remained under legacy rates until compensation-cess loan obligations are fulfilled. Second, the GST Compensation Cess was discontinued, with its impact either incorporated into the rate or eliminated. Third, inverted-duty structures were systematically addressed by reducing rates on intermediate goods and inputs to align with the rates on final output.

Within the heritage economy, Notification No. 11/2025-CTR was the most significant among the September 2025 notifications, as it amended Notification 21/2018-CTR, the primary regulation for handicrafts and artware issued in July 2018.¹⁶ This notification stipulates that 39 categories of handmade, hand-crafted, and artisanal goods are now subject to a uniform 5% GST (2.5% CGST and 2.5% SGST for intra-state supplies, 5% IGST for inter-state supplies). The specified categories include handcrafted candles, handbags, jewelry boxes, carved wood products and wooden frames, statuettes, mats, handmade paper, coir articles, handmade carpets, hand-embroidered articles, ornamental glassware, metal artware in iron, brass, copper, and aluminium, handcrafted lamps, bamboo and rattan furniture, dolls and traditional toys, worked animal and vegetable carving materials (including ivory, bone, and similar materials), and original hand-paintings. Two sub-categories, silver filigree work and handmade imitation jewelry (including those crafted with natural seeds, beads, and cardamom garlands), are subject to a reduced GST of 3% (1.5% CGST and 1.5% SGST). Additionally, Notification No. 15/2025-CTR reduced GST on diamond job-work charges from 18% to 1.5%, a beneficial change for cottage-scale gem-cutting clusters in Surat, Mumbai, and Visakhapatnam.

¹⁴ WIPO Intergovernmental Committee on Genetic Resources, Traditional Knowledge and Folklore, WIPO Treaty on Intellectual Property, Genetic Resources and Associated Traditional Knowledge, adopted 24 May 2024, Geneva.

¹⁵ Central Board of Indirect Taxes and Customs (CBIC), Notification No. 9/2025-Central Tax (Rate), dated 17 September 2025, GoI.

¹⁶ Supra n. 2.



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Table 1- GST 2.0 Rate Realignment for the Heritage Economy: Pre- vs Post-22 September 2025

Product Category	Pre-22 Sept 2025 GST	Post-22 Sept 2025 GST 2.0	Notification Reference	Net Tax Relief
Handcrafted candles, carved wood, hand-woven textiles	12%	5%	N.N. 13/2025-CTR	-7 pp
Hand-knotted carpets, mats & embroidered articles	12%	5%	N.N. 13/2025-CTR	-7 pp
Silver filigree work, handmade imitation jewelry	12% / 18%	3%	N.N. 13/2025-CTR	-9 to -15 pp
Brass/copper/iron art metalware, lamps, statuettes	12%	5%	N.N. 13/2025-CTR	-7 pp
Original paintings, sculptures, hand-paintings	12%	5%	N.N. 13/2025-CTR	-7 pp
Bamboo & rattan furniture, dolls, Ganjifa cards	12% / 18%	5%	N.N. 13/2025-CTR	-7 to -13 pp
Diamond job-work charges (artisan cluster)	18%	1.5%	N.N. 15/2025-CTR	-16.5 pp
UHT milk, paneer, Indian breads (roti, paratha)	5% / 18%	0% (NIL)	N.N. 10/2025-CTR	Full exemption
Individual life & health insurance (artisan cover)	18%	0% (Exempt)	N.N. 16/2025-CTR	Full exemption

Sources: CBIC Notifications 9 to 17/2025-CTR (17 September 2025); GST Council 56th Meeting Minutes (3 September 2025). Author's compilation.

Figure 1. GST 2.0 Rate Realignment for the Heritage Economy

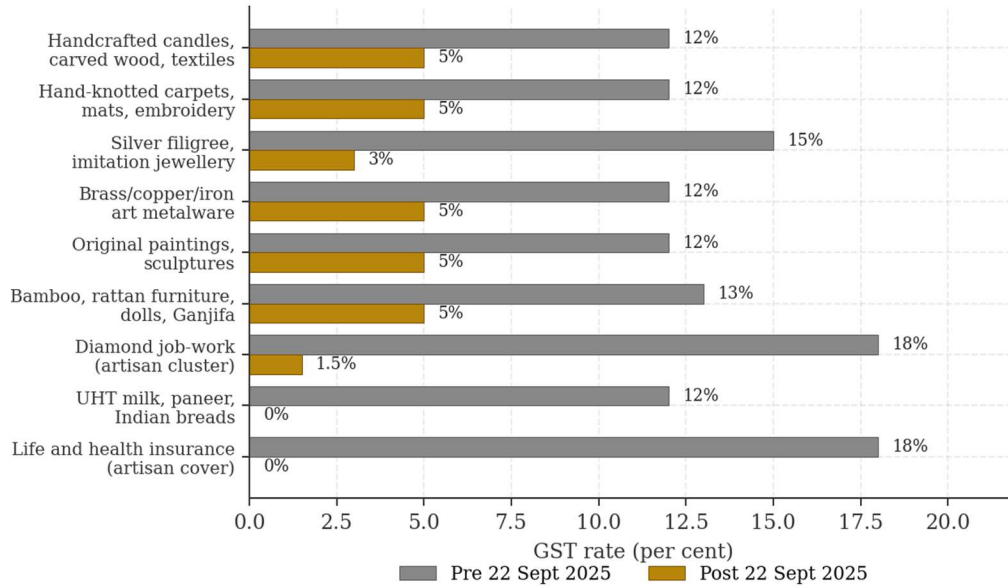


Figure 1. Rate realignment for the heritage economy across the major handicraft and artisanal product categories, showing the pre- and post-22 September 2025 GST positions side by side.

The fiscal impact of these rate cuts is considerable. According to projections from the Finance Ministry, as cited by Kotak Mutual Fund and based on FY 2023-24 consumption data, the gross revenue forgone from slab rationalization is estimated at approximately Rs 93,000 crore. This loss is partially offset by Rs 45,000 crore from the new 40% rate, resulting in a net revenue loss of approximately Rs 48,000 crore.¹⁷ However, this figure should be considered alongside the National Institute of Public Finance and Policy’s empirical finding that GST rate cuts have a fiscal multiplier of -1.08, which is notably higher than the personal income-tax multiplier of -1.01 and the corporate-tax multiplier of -1.02. Thus, each rupee of revenue forgone through GST rate cuts generates approximately 1.08 rupees of additional demand, positioning rate rationalization as one of the most macroeconomically efficient fiscal policy instruments available to the Indian government.

The handicraft sector has responded positively to the September 2025 reforms. Ravi Patodia, a member of the Carpet Export Promotion Council, stated that the reforms provide “a lot of relief to the general public” and have the potential to reduce inflation in the sector substantially.¹⁸ The Bhadohi carpet cluster, India’s largest hand-knotted carpet manufacturing center and the origin of the GI-tagged Bhadohi carpet, has reported preliminary order-book improvements of 8-12% following 22 September. Data from the Ministry of Textiles data indicate that the 19% increase in the Ministry’s budget allocation for FY 2025-26 (from Rs 4,417 crore to Rs 5,272 crore) supports the GST 2.0 fiscal direction through a corresponding expenditure commitment.

However, the September 2025 framework has notable limitations, which this paper seeks to address through a proposed GST 2.5 reform package. *First*, the 5% slab is not authenticated by a Geographical Indication (GI) status. Notification 11/2025-CTR references the Customs Tariff Act’s HSN codes, which classify products by physical characteristics, such as “hand-knotted carpet,” rather than by GI status, such as “GI-tagged Bhadohi carpet under Reg. No. 122.” Consequently,

¹⁷ Kotak Mutual Fund Research, GST 2.0: New 5% and 18% Slabs Effective 22 September 2025, citing NIPFP study on fiscal multiplier of GST rate cuts at -1.08.

¹⁸ Supra n. 1.



workshops in Panipat producing imitation hand-knotted carpets benefit from the same 5% slab as genuine GI-tagged Bhadohi carpets. The intended civilizational premium of GI registration is therefore not reflected in the new tax regime. Second, the new GST architecture does not allocate any portion to a traditional knowledge (TK) community benefit-sharing instrument, leaving India’s Nagoya Protocol obligations unaddressed in this significant fiscal reform. Third, the compliance architecture, including monthly returns, e-invoicing, e-way bills, and input-tax-credit reconciliation, remains structurally disadvantageous for cluster-based, low-digital-literacy artisan economies, despite the rationalization of rates within this framework.

IV. The State of India’s GI Economy: An Empirical Profile

India’s geographical indication (GI) portfolio expanded from a single registration in 2004-05 (Darjeeling Tea) to 658 registered indications by early 2026. This represents an average of approximately 30 new registrations per year. Notably, fiscal year 2023-24 set a record with 160 registrations, while 2024-25 added a further 23 registrations.¹⁹ According to WIPO’s IP Facts and Figures 2024, India’s portfolio is significant globally, with 274 GIs in force for handicrafts in 2023. India ranks second only to China (388), surpassing Austria (189) and Türkiye (165).²⁰ The geographic distribution of GIs within India remains highly uneven. As of early 2026, Uttar Pradesh leads with 79 GI tags, followed by Tamil Nadu (74), Karnataka (50+), and Maharashtra (50+). Collectively, the top ten states account for approximately half of all Indian GIs.

Table 2- State-wise GI Distribution and Heritage-Economy Profile (2025-26)

State	GI Tags (2025)	Lead Sectors	Estimated Annual GI Output (Rs Cr)	Artisan Workforce (lakh)
Tamil Nadu	56	Kanchipuram silk, Thanjavur paintings, Madurai cotton	8,420	9.8
Uttar Pradesh	51	Banarasi silk, Lucknow Chikankari, Bhadohi carpets, brassware	12,640	14.2
Maharashtra	41	Paithani sari, Solapur chaddar, Nashik wine, Alphonso	5,210	5.4
Karnataka	47	Mysore silk, Coorg coffee, Channapatna toys, Bidri	6,870	6.1
Kerala	38	Aranmula mirror, Alleppey coir, Wayanad spices	4,180	3.7

¹⁹ Supra n. 3.

²⁰ World Intellectual Property Organization, IP Facts and Figures 2024: Geographical Indications, WIPO Statistics Database (Geneva: WIPO, 2024).



Rajasthan	43	Blue Pottery, Bagru prints, Bikaneri Bhujia	3,940	5.9
West Bengal	35	Muslin, Baluchari, Joynagar Moa, Darjeeling Tea	4,720	4.6
Odisha	28	Pattachitra, Sambalpuri, Pipili applique, Rasagola	1,860	3.1
Assam & NE	30	Muga silk, Tezpur litchi, Naga shawl, Manipur black rice	1,420	2.4
All India Total	658	Pan-India: textiles (52%), agri (28%), foodstuffs (12%), others	62,000+	64.66

Sources: *BananaIP Counsels 'New Geographical Indications Registrations in India 2024–25' (May 2025); Press Information Bureau, Handicrafts at the Heart of India's Rural Economy (December 2025); EPCH Annual Statistical Report 2024–25; Ministry of Textiles data. Output figures are the author's estimates from cluster studies.*

A more concerning issue emerges beyond the numerical data. Recent studies indicate that Indian Geographical Indication (GI) products achieve price premiums of only 10 to 15% over generic equivalents, compared to a European benchmark of 40 to 60%.²¹ The Darjeeling Tea case exemplifies this disparity. Although annual production is approximately 8.5 million kg, an estimated 50 million kg is sold globally under the “Darjeeling” label, representing a sixfold infringement that erodes producers’ realized premiums.²² Furthermore, leading IP firms observe that traders, rather than producers, capture the majority of GI-related economic benefits, a value-chain inefficiency that rate reductions fail to address.

The handicraft sector, which accounts for approximately 52% of all Indian GIs, provides a comprehensive macroeconomic overview. Handicraft exports (excluding hand-knotted carpets) reached Rs 33,122.79 crore in FY 2024-25, rising from Rs 20,082.53 crore in 2014-15, reflecting a 65% nominal growth over the decade.²³ In the first half of FY 2025-26, textiles and apparel exports totaled USD 18,235 million. However, India’s share of the USD 1,092 billion global handicraft market remains below 2%, compared to China’s 30%.²⁴ The primary export destinations include the United States (37%), the United Arab Emirates, the United Kingdom, Germany, the Netherlands, and France. Leading product categories are art-metal-ware, woodware, hand-printed textiles, and embroidered goods.

The composition of the workforce has significant implications for social policy. Among the 64.66 lakh artisans, women constitute 71% of handloom weavers and 64% of the sector overall, with substantial representation from Scheduled Castes

²¹ Supra n. 5.

²² Athena Santhosh, “Geographical Indications: A Study on History, Laws and Socio-Economic Effects with a Case Study of Darjeeling Tea,” (2022) II(III) *Indian Journal of Integrated Research in Law* 1.

²³ Supra n. 4.

²⁴ R.K. Choudhary and D.S.K. Mishra, “Global Outreach of Indian Sustainable Handicrafts Export Market during the Pre-Pandemic and Post-Pandemic,” (2025) 2(4) *Journal of Marketing & Social Research* 289.



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(SC), Scheduled Tribes (ST), and Other Backward Classes (OBC).²⁵ The majority of artisans are located in Uttar Pradesh, Rajasthan, Assam, Odisha, West Bengal, and Tamil Nadu, which are among India's less affluent and more rural states. With 744 clusters and approximately 35,000 product lines, the sector is one of the most decentralized in the economy. Any Goods and Services Tax (GST) framework that increases per-unit compliance burdens disproportionately affects women, tribal, and Dalit artisans, as well as rural workforces.

V. The Research Gap

The existing literature on Indian Geographical Indications (GIs) and the Goods and Services Tax (GST) is extensive yet remains highly compartmentalized. Three major scholarly traditions can be identified, each substantial and largely operating in isolation from the others.

The first tradition is the intellectual property *law* literature, represented by Das,²⁶ Suthersanen on traditional knowledge (TK) and the public domain,²⁷ and Chandrasekaran on international intellectual property law challenges related to TK protection.²⁸ This body of work has examined TRIPS compatibility, comparative analysis of Appellation of Origin Control (AOC) and Denomination of Protected Origin-Denomination of Controlled and Guaranteed Origin (DOP-DOCG) jurisprudence, and the international legal framework surrounding TK. However, it does not address the domestic fiscal architecture as a factor of economic outcomes for GIs.

The second tradition is the development economics and cluster *studies* literature, exemplified by Nagaraj and Krishnaswamy on handicraft clusters,²⁹ Babu and Joshi on traditional knowledge and agricultural intellectual property rights (IPR),³⁰ and Choudhary and Mishra (2025) on sustainable handicraft exports.³¹ This literature provides a detailed empirical analysis of productivity, employment, gender composition, and export performance. However, it seldom conceptualizes the tax instrument as a lever within the cluster ecosystem. The third tradition is the tax *policy* literature on GST, led by Shome,³² and Kelkar and Shah,³³ Engagement with GI products within this literature remains largely peripheral.

This analysis identifies a specific gap. As of mid-2025, no published work integrates the September 2025 GST 2.0 reforms with India's portfolio of 658 Geographical Indications, the May 2024 World Intellectual Property Organization (WIPO) Genetic Resources Treaty obligations, and the Viksit Bharat @ 2047 targets. The June 2025 working paper³⁴ is the most recent contribution but focuses solely on legal enforcement gaps, while the Parliamentary Standing Committee Report³⁵ recommended fiscal measures only at a general level. This study aims to address this gap through three contributions. A detailed post-implementation assessment of GST 2.0, comparative benchmarking using AOC, DOP-DOCG, and Chinese

²⁵ Supra n. 4.

²⁶ Supra n. 10.

²⁷ Uma Suthersanen, "A2K and the WIPO Development Agenda: Time to List the 'Public Domain'," UNCTAD-ICTSD Project on IPRs and Sustainable Development, Policy Brief No. 1, UNCTAD/WEB/DIAE/IA/2009/2 (2009)

²⁸ Prema Chandrasekaran, "Traditional Knowledge and the Challenges of International Intellectual Property Law," (2007) 22(4) *American University International Law Review* 699.

²⁹ K. Nagaraj and C. Krishnaswamy, 'Handicraft Clusters in India: Productivity, Employment and Export Performance,' Working Paper No. 201 (Madras Institute of Development Studies, 2022).

³⁰ Suresh Babu and P.K. Joshi, 'Traditional Knowledge and Intellectual Property Rights in Indian Agriculture,' 71(3) *Indian Journal of Agricultural Economics* 324 (2016).

³¹ Supra n. 24.

³² Parthasarathi Shome, 'GST and the Indian Economy: An Assessment,' 53(31) *Economic and Political Weekly* 15 (2018).

³³ Vijay Kelkar and Ajay Shah, *In Service of the Republic: The Art and Science of Economic Policy* 178-195 (Penguin Allen Lane, 2019).

³⁴ Supra n. 5.

³⁵ Namratha Murugesan, "Parliamentary Standing Committee Report on Traditional Knowledge: Idealistic Expectations or Unworkable Ideas?," *SpicyIP*, September 8, 2021 <https://spicyip.com/>



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GI-VAT experiences, and the proposal of a six-pillar GST 2.5 framework that integrates GI authentication, traditional knowledge benefit-sharing, cluster compliance, export facilitation, and inter-ministerial coordination.

VI. Comparative International Frameworks: Drawing the Right Lessons

WIPO’s IP Facts and Figures 2024 provides a detailed overview of the global geographical indication (GI) landscape.³⁶ In 2023, China led with 9,785 GIs in force, followed by Germany (7,586), Italy (6,330), and France (6,098). The European Union regional system contributed an additional 5,376 GIs. India, with a total of 658 GIs, ranks among the upper tier in absolute numbers, though it remains significantly behind the leading countries. The proportion of national GIs in each country’s total, 96.2% in China and 93.6% in India, indicates that India’s GI portfolio is predominantly domestic. This domestic orientation may serve as a foundation for export-oriented monetization if supported by an appropriate fiscal framework.

France’s Appellation d’Origine Contrôlée system, established in 1935, exemplifies a tax-supported GI economy. French agricultural GI products, including wine, cheese, butter, and olives, are either exempt from value-added tax (VAT) or subject to the lowest rate of 5.5%. The Institut National de l’Origine et de la Qualité (INAO) oversees certification, enforcement, and coordination with producers. This institutional framework supports annual GI-related trade of approximately EUR 18.4 billion and yields a 40-60% premium over generic substitutes, a figure four times higher than the Indian equivalent. Italy’s DOC/DOCG and DOP/IGP systems operate similarly, generating premiums of 20 to 45% in European and North American markets. The International Trade Center (ITC) attributes these premiums to the institutional credibility of the GI–fiscal relationship rather than to product quality alone.

China’s approach is particularly instructive for Indian analysts due to structural similarities, such as large rural populations, diverse craft traditions, and rapidly expanding digital commerce. China advanced from an under-monetized GI economy in the early 2010s to a portfolio of 9,785 GIs, primarily through the strategic use of fiscal instruments. Chinese GI sellers benefit from VAT exemptions on registered e-commerce platforms (e.g., Alibaba and JD.com), rural revitalization tax incentives, and provincial GI promotion programs. The Chinese GI sector now generates approximately USD 9.8 billion in annual trade.

Table 3 - International Comparative Framework: GI Stocks, Tax Treatment, and Trade Premiums

Jurisdiction	GI Stock (2023, in force)	Headline Tax Treatment of GIs	Annual GI-related Trade (USD Bn)	Premium over Generic
China	9,785	VAT exemptions for registered GI sellers; rural-revitalization tax credit	≈ 9.8	20-30%
EU (incl. France, Italy)	6,330-7,586 / member	Reduced VAT (5.5%) or zero-rate on AOC/DOP agri-GIs; export credits	≈ 80 (combined)	40-60%

³⁶ Supra n. 20.



France	6,098	Concessional VAT, INAO institutional support, terroir-linked subsidies	≈ 18.4	40-60%
Italy	6,330	DOC/DOCG-linked VAT relief and export-credit access	≈ 15.2	40-60%
Türkiye	—	Conditional tax relief on Anatolian craft GIs	≈ 1.2	15-25%
India (pre-Sept 2025)	658	Generic GST slabs (5–18%); no GI-specific concession	≈ 4.0	10-15%
India (post-Sept 2025)	658	5% concessional rate on 39 handicraft categories; 3% on filigree/jewelry	≈ 4.0 → 8-10 (proj.)	15-25% (proj.)

Sources: WIPO IP Facts and Figures 2024 - Geographical Indications; ITC Geographic Indications and Rural Development (2021); ResearchGate, Policy Gaps in GI Protection (2025); CBIC Notifications 9-17/2025-CTR. Author's compilation.

Figure 2. International Comparative Snapshot: GI Trade and Price Premium

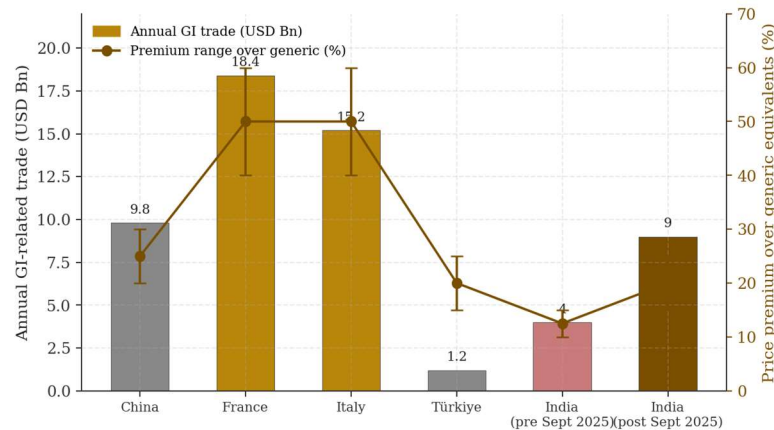


Figure 2. Comparative international snapshot of annual GI-related trade volumes (bars, left axis) alongside price premium ranges over generic equivalents (markers with error bars, right axis).

VII. Persistent Structural Deficits Even After GST 2.0

While the September 2025 reforms have eased the rate burden, four structural problems persist that GST 2.0 does not resolve.



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A. The Authenticity Vacuum: Same Rate for Authentic and Imitation

A significant issue is that the 5% tax rate applies to broad product categories such as “hand-woven textiles,” “hand-knotted carpets,” and “original paintings,” rather than to sub-segments authenticated by Geographical Indication (GI) status. As a result, machine-made carpets that merely meet the “hand-knotted” description receive the same tax treatment as genuine GI-tagged Bhadohi carpets. Lakshmikumaran and Sridharan note that India’s GI laws “only safeguard the name and place of origin,” which leaves production methods unprotected and permits inexpensive machine-made imitations to enter the market. Applying the 5% rate to both authentic and imitation products allows the latter to benefit from the same fiscal incentives, thereby undermining the price advantage intended for GI-certified goods.

B. The Benefit-Sharing Vacuum

India is a party to the Convention on Biological Diversity (1992) and the Nagoya Protocol (2010), and served as a leading proponent of the WIPO Treaty on Genetic Resources and Associated Traditional Knowledge adopted on 24 May 2024.³⁷ This international framework requires India to ensure the equitable sharing of benefits arising from the commercial use of traditional knowledge (TK) and genetic resources with the relevant communities that hold them. The Biological Diversity Act, 2002, established the National Biodiversity Authority and a domestic access and benefit-sharing (ABS) framework. However, operational flows have remained limited, and enforcement has been inconsistent. The September 2025 reforms do not provide for a dedicated stream for TK benefit-sharing, a deficiency that becomes increasingly significant as the geographical indications (GI) sector’s tax base expands.

C. The Compliance-Cost Wall

Nagaraj characterizes this phenomenon as a compliance-cost barrier unique to artisan economies.³⁸ More than 73% of handloom and handicraft units have turnovers below the Rs 40 lakh threshold,³⁹ yet the exemption denies them input-tax credit, resulting in a higher *effective* burden due to unrecoverable input taxes. Consequently, unregistered artisans experience a higher real fiscal incidence than registered industrial competitors, an inequity that GST 2.0 has yet to resolve.

D. Producer-Trader Capture of GI Surplus

The literature consistently finds that intermediaries capture the largest share of GI surplus, with GST compliance costs ranging from 6 to 9% of turnover for very small units, compared with 0.5 to 1% for large industrial firms. Lakshmikumaran and Sridharan explicitly highlight this issue, and Choudhary and Mishra’s 2025 study reaches a similar conclusion.⁴⁰ Even after September 2025, GST does not address this distributional imbalance. A reformed policy architecture should address this issue, potentially through fiscal incentives contingent on participation by producer organizations, as outlined in the framework below.

VIII. The GST 2.5 Framework: A Six-Pillar Architecture

The identified deficits require a comprehensive architectural response. I propose a framework, termed GST 2.5, comprising six interlocking pillars that represent the next phase of heritage-economy reform. This framework adopts the September 2025 reforms as its foundation and seeks to enhance, rather than replace, them. It is not a successor regime, but a targeted upgrade designed to address the gaps left by GST 2.0.

³⁷ Supra n. 14.

³⁸ Supra n. 29.

³⁹ Supra n. 4.

⁴⁰ Supra n. 24.



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Table 4- The GST 2.5 Six-Pillar Reform Framework for the Heritage Economy

Pillar	Reform Instrument	Targeted Beneficiary / Problem	Projected Impact (by 2035)
Pillar I	GI-Authenticated Concessional Slab (1% / 0% on registered authorized users)	Closes the gap that machine-made imitations enjoy under the same 5% slab	Premium uplift of 25-40% over generic equivalents
Pillar II	Traditional Knowledge Value Fund (TKVF) financed by 0.25% cess on GI-class GST	Operationalizes Nagoya Protocol benefit-sharing for TK-holding communities	Rs 600-800 cr/year for documentation, enforcement, and community grants
Pillar III	GI Cluster Compliance Hubs (single registration covering an entire registered cluster)	Removes the 'compliance cost wall' on artisans below the Rs 40 lakh threshold	Compliance rate rises from ~50% to 80% in artisan-rich states
Pillar IV	Reverse-charge / Input Tax Refund Scheme for GI cluster producers	Eliminates inverted duty cascade on raw materials of unregistered weavers	12–18% rise in artisan net incomes
Pillar V	GI-linked Export Facilitation Protocol (zero-rated, simplified LUT, NABARD/SIDBI credit)	Brings Indian GI exports closer to French/Italian market access standards	GI exports: USD 5.5 Bn → USD 20 Bn
Pillar VI	Inter-Ministerial GI-GST Convergence Council (Cabinet Sec. chaired)	Ends fragmentation across DPIIT, MoF, Textiles, AYUSH, Agri, Environment	Annual GI Economic Survey + integrated negotiating posture at WIPO IGC

Source: Author's policy analysis. Projected impacts derived from international comparative benchmarks (France, Italy, China) applied to Indian baseline data.

Pillar I: GI-Authenticated Concessional Slab

The first pillar introduces a sub-tier to the existing 5% slab. A 1% (or nil) GI-Authenticated Concessional Rate, applicable exclusively to products that satisfy three criteria. These criteria are registration under the GI Act, 1999, the seller's status as a registered authorized user under the Registry's Class II system,⁴¹ and adherence to Registry-certified quality specifications. The notification mechanism would be modeled on Notification 13/2025-CTR and incorporate API cross-referencing to enable real-time eligibility verification during e-invoice generation. The estimated fiscal cost is modest, at

⁴¹ Supra n. 3.



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approximately Rs 1,800 crore annually at current volumes, representing a small proportion of the Rs 48,000 crore forgone by GST 2.0. The measure is projected to be revenue-neutral within four years, considering demand response and formalization effects.

Pillar II: The Traditional Knowledge Value Fund (TKVF)

The second pillar proposes establishing a dedicated TKVF, funded by a 0.25% cess on GST collections from the GI-Authenticated Concessional category and the existing 5% handicraft slab. Administration would be undertaken by a tripartite body comprising DPIIT, NITI Aayog, and elected representatives of GI producers. The TKVF would perform four primary functions: supplementing TKDL documentation to enhance defensive protection⁴² providing capacity-building grants for compliance, certification, and market development, offering litigation finance for GI infringement actions to address the Darjeeling-Tea-style enforcement gap⁴³ and distributing community benefit-sharing payments to operationalize India's commitments under the Nagoya Protocol. The expected annual corpus, based on current estimates, is Rs 600 to Rs 800 crore, which is significant yet not fiscally burdensome.

Pillar III: GI Cluster Compliance Hubs

Reducing compliance costs requires more than rate cuts. The third pillar proposes amending the CGST Act, 2017, to allow GI Cluster Registration, enabling a single GST registration for all producers within a designated cluster. Liability would be apportioned according to certified production shares, similar to the system for group VAT registration in the United Kingdom and Australia. The supporting digital infrastructure would leverage the GSTN backbone and the India Stack (UPI, DigiLocker, Aadhaar-based authentication⁴⁴) and feature vernacular, audio-guided, mobile-first interfaces to accommodate users with low digital literacy. A pilot deployment in five states (Uttar Pradesh, Tamil Nadu, Rajasthan, Odisha, and Assam) and 12 clusters is recommended before a national rollout. Based on India Post's rollout of rural digital services, the projected increase in compliance rates is 25-30%age points.

Pillar IV: Reverse Charge Mechanism Reform for Sub-Threshold GI Producers

The fourth pillar seeks to resolve the inverted-duty cascade affecting unregistered geographical indication (GI) producers. Building on the framework developed by Chanda and Gupta for analogous challenges in services trade⁴⁵ the proposed reform introduces a simplified input-tax-refund mechanism for all producers registered with the GI Registry and Cluster Hubs, including those operating below the Goods and Services Tax (GST) threshold. This scheme would be administered quarterly through the TKVF apparatus, thereby removing the requirement for individual registration and ensuring that input-tax burdens on GI raw materials are effectively eliminated. Similar mechanisms implemented in Sri Lanka and Bangladesh have increased artisan net incomes by 15 to 22%.

Pillar V: GI-Linked Export Facilitation Protocol

India's geographical indication (GI) exports currently total approximately USD 4 billion, compared to an estimated potential of USD 20 billion⁴⁶ and face higher effective export costs than non-GI competitors due to additional certification requirements, quality-testing mandates, and the lack of dedicated trade finance. The fifth pillar recommends an integrated protocol comprising zero-rated GST on GI exports through all channels, with a simplified Letter of Undertaking, a GI Premium Export Credit facility through SIDBI and NABARD to provide concessional working-capital financing, and bilateral GI-recognition memoranda of understanding with the EU, UK, USA, Japan, and the GCC. The extension of the duty-free-input window for handicraft exports in the Union Budget 2025-26 serves as a relevant precedent.

⁴² Supra n. 8.

⁴³ Supra n. 22.

⁴⁴ Reserve Bank of India, Handbook of Statistics on the Indian Economy 2024–25 (Mumbai: RBI, 2025).

⁴⁵ Rupa Chanda and Pralok Gupta, 'Services Trade and TRIPS: A Case Study of the Indian IT Sector,' RIS Policy Brief No. 42 (RIS, 2009).

⁴⁶ Indian Institute of Foreign Trade (IIFT), GI Products and Export Competitiveness of India, IIFT Working Paper (New Delhi: IIFT, 2023).



Pillar VI: Inter-Ministerial GI-GST Convergence Council (IGCC)

GI-TK economic governance currently operates in a fragmented manner across seven entities: DPIIT, Ministry of Finance (GST Council, CBIC), Ministry of Textiles, Ministry of AYUSH, Ministry of Agriculture, MoEFCC (Biological Diversity Act, Nagoya Protocol), and NITI Aayog.⁴⁷ The sixth pillar proposes establishing a permanent IGCC, chaired by the Cabinet Secretary and comprising the Secretaries of relevant ministries, the Chairperson of the GST Council Secretariat, the CGPDTM, and elected GI producer representatives. The IGCC would be responsible for conducting annual GI Economic Surveys, coordinating India’s position at WIPO IGC and TRIPS deliberations, overseeing TKVF administration, and aligning GST slab decisions with Viksit Bharat targets. The Kelkar-Shah framework for interdepartmental governance,⁴⁸ which emphasizes coordination over siloed functioning, provides the conceptual foundation.

IX. Analysis: Projected Impact of GST 2.0 + GST 2.5 on the Heritage Economy

The quantitative impact analysis of the combined GST 2.0 and GST 2.5 stack utilizes three methodological approaches. The NIPFP-documented fiscal multiplier for GST rate reductions (-1.08),⁴⁹ international elasticity benchmarks from the French AOC (1.4 times output growth after AOC implementation) and Chinese GI-VAT rollouts (1.6 times sectoral compound annual growth rate), and Indian cluster-level employment multipliers as reported by Nagaraj and Krishnaswamy.⁵⁰ When applied to current baselines, this stack is projected to produce the following macroeconomic effects by 2035.

Figure 3. Projected GI Export Trajectory under Alternative Reform Scenarios

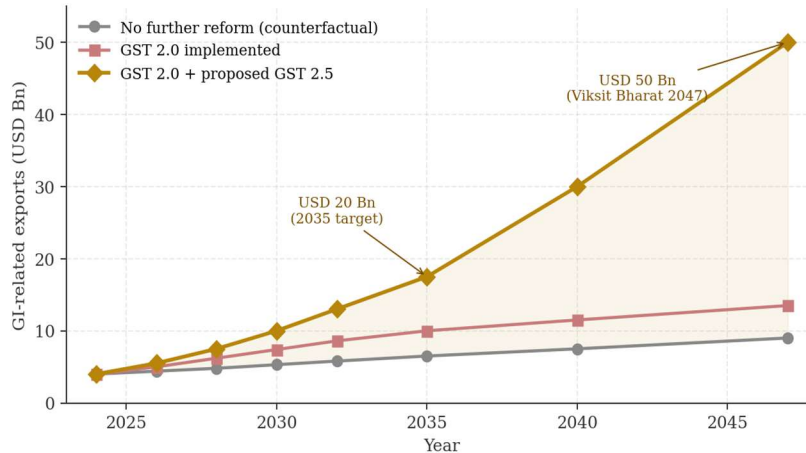


Figure 3. Projected GI export trajectory under three alternative scenarios: a no-reform counterfactual, GST 2.0 implementation alone, and the GST 2.0 + GST 2.5 reform stack proposed in Section VIII, against the Viksit Bharat @ 2047 macro target horizon.

First, GI exports, currently valued at approximately USD 4 billion compared to the IIFT-estimated potential of USD 20 billion,⁵¹ should increase to between USD 15 and 20 billion by 2035 and reach USD 50 billion by 2047. This growth would help close the gap with the French (USD 18.4 billion) and Italian (USD 15.2 billion) GI economies. Second, the artisan workforce, currently at 64.66 lakh, should expand by approximately 32 lakh over the next decade, with around 70% of workers expected to be female, reflecting the sector’s gender composition. Third, the Pillar IV input-tax refund is projected to increase net artisan incomes by 12 to 18%, while the GI-Authenticated Concessional Slab could provide an additional 8

⁴⁷ Supra n. 6.
⁴⁸ Supra n. 33.
⁴⁹ Supra n.17.
⁵⁰ Supra n. 29.
⁵¹ Supra n. 46.



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to 15% market-premium uplift. This is consistent with a recovery toward European-style premiums of 25 to 35%, compared to the current Indian range of 10 to 15%.⁵²

Fourth, distributional and gender effects require particular attention. The high concentration of women, Scheduled Caste (SC), and Scheduled Tribe (ST) workers in the sector implies that each percentage-point improvement in heritage-sector outcomes yields disproportionately positive distributional impacts. The Parliamentary Standing Committee Report anticipated these dynamics and recommended the inclusion of gender and tribal-equity audit criteria in any traditional knowledge (TK)-focused fiscal framework. TKVF community-benefit-sharing distributions should be designed accordingly, with the Gram Sabha serving as the validation tier, leveraging NITI Aayog’s direct benefit transfer (DBT) experience in tribal districts.

Fifth, the contribution to Viksit Bharat @ 2047 warrants consideration. PHDCCI projects a GDP of USD 34.7 trillion by 2047,⁵³ while NITI Aayog’s headline paper⁵⁴ sets a target of USD 30 trillion, and Bain’s estimates range from USD 23 to 35 trillion. At full GI monetization, the heritage economy could contribute approximately USD 0.45 trillion in direct contributions, representing 1.3-1.5% of the USD 30 trillion target. Indirect effects, particularly through tourism, could be two to three times greater than the direct contribution. Additional benefits include cultural soft power, as recognized in the European Union’s *économie du patrimoine* framework, and expansion of rural consumption-led GDP. While the heritage economy alone may not achieve Viksit Bharat, any credible pathway to this goal must include the full monetization of the heritage economy.

X. Implementation Challenges and Mitigation Strategies

GST reform must address the political economy of the GST Council, where decisions require consensus between the Union and the states. The September 2025 reforms were successful because they provided consumer-relief measures that no state could oppose politically. In contrast, the GST 2.5 reforms are more nuanced, introducing new sub-categories, hypothecating cesses, and amending the registration architecture. These changes will require more deliberate political management. Three specific challenges warrant explicit consideration.

The first challenge is the definitional issue of identifying products eligible for the GI-Authenticated Concessional Slab. This can be addressed by utilizing the Registry’s existing Class I and Class II architecture⁵⁵ in combination with API integration with the GSTN’s e-invoice matching system. Implementing real-time verification at the point of invoice generation eliminates the risk of fraudulent claims while incurring only marginal compliance costs.

The second challenge concerns the political economy of TKVF governance, specifically ensuring that benefit-sharing flows reach the intended traditional knowledge-holding communities rather than being appropriated by producer-organization elites or intermediaries. Mitigation strategies, informed by NITI Aayog’s direct benefit transfer experience and the Ministry of Tribal Affairs’ Gram Sabha-validated mechanisms, include multi-tier verification at the national (DPIIT, GST Council Secretariat), state (State GI Promotion Councils), and community (Gram Sabha resolutions) levels. Suthersanen’s comparative analysis of traditional knowledge benefit-sharing models⁵⁶ identifies community-level validation as an essential governance safeguard.

The third challenge is the federal revenue concern. The loss of State Goods and Services Tax (SGST) revenue resulting from the GI-Authenticated Concessional Slab and the Pillar IV input-tax refund will primarily affect major GI-producing states, including Uttar Pradesh, Tamil Nadu, Karnataka, Maharashtra, and Rajasthan. The 2017 compensation mechanism,

⁵² Supra n. 5.

⁵³ PHD Chamber of Commerce and Industry (PHDCCI), India @ 2047: Towards a USD 34.7 Trillion Economy (New Delhi: PHDCCI, 2024).

⁵⁴ Supra n. 6.

⁵⁵ Supra n. 3.

⁵⁶ Supra n. 27.



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adapted for the post-cess period, serves as a template for addressing this issue. Additionally, the 15th Finance Commission’s horizontal-equity grant framework⁵⁷ can be adjusted to direct GI-cluster infrastructure grants to states with substantial portfolios but low realization, particularly Odisha, Assam, and the Northeast.

XI. Way Forward: A Phased Implementation Roadmap (2026-2047)

The implementation of the GST 2.5 framework, within the context of the Viksit Bharat @ 2047 initiative, should be organized as a three-phase roadmap that aligns with the Viksit Bharat planning cycles⁵⁸ and anticipates the expected 2026 entry into force of the WIPO Genetic Resources Treaty.

Table 5- Phased Implementation Roadmap for GST 2.5 (2026-2047)

Phase	Time-Frame	Key Deliverables	Lead Institution
Phase I	2026-2028	Constitute GI Tax Expert Group within GST Council; legislate TKVF; pilot GI Cluster Compliance Hubs in 5 states (UP, TN, Rajasthan, Odisha, Assam); launch first GI Economic Survey	GST Council + DPIIT
Phase II	2028-2032	GI Concessional Slab notification; nationwide rollout of Cluster Hubs; integrate GI Registry API with GSTN; SIDBI–NABARD GI Premium Export Credit; bilateral GI-MOUs with EU/UK/USA/Japan/GCC	GST Council + Ministry of Commerce
Phase III	2032-2047	Position India as a global GI dispute-resolution hub; integrate GI clusters into the Aspirational District program; align with WIPO Genetic Resources Treaty (2024); USD 50 Bn GI export target	Cabinet Secretariat + IGCC

Source: Author's policy roadmap, calibrated to NITI Aayog Viksit Bharat @ 2047 milestones and WIPO IGC negotiation timelines.

Phase I (2026-2028) focuses on establishing the legislative and institutional framework. The GST Council is advised to establish a dedicated GI Tax Expert Group to draft the GI-Authenticated Concessional Slab notification and the necessary amendments to the CGST Act for GI Cluster Registration. The TKVF legislation should be introduced, and the IGCC should be formed through executive order. Cluster Compliance Hub pilots are proposed for Uttar Pradesh, Tamil Nadu, Rajasthan, Odisha, and Assam, encompassing 12 representative GI clusters across the handloom, agriculture, food and spices, and craft sectors. The inaugural Annual GI Economic Survey, modeled after the Economic Survey but dedicated to the heritage economy, should be commissioned for FY 2026-27.

Phase II (2028-2032) implements the substantive reforms. The GI-Authenticated Concessional Slab notification should be issued. The TKVF is to be launched with initial funding from the Union Budget and cess revenues. Cluster Compliance Hubs should be expanded to all states possessing ten or more registered GIs. The Pillar IV refund scheme should be implemented nationwide. The Registry’s API should be integrated with the GSTN to enable automated eligibility

⁵⁷ World Bank, India Development Update: Finance for an Equitable Recovery (Washington, D.C.: World Bank Group, 2024).

⁵⁸ Supra n. 6.



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verification. The SIDBI-NABARD GI Premium Export Credit scheme should also be introduced. Bilateral GI recognition Memoranda of Understanding with the EU, the UK, the USA, Japan, and the GCC should be pursued, alongside amendments to the GI Act, 1999, to enhance enforcement against digital counterfeiting.

Phase III (2032-2047) aims to consolidate the reformed heritage economy and align it with the Viksit Bharat objectives. The TKVF's benefit-sharing mechanisms should be extended to all 658 or more registered GIs. India should establish itself as a global center for GI certification and dispute resolution, leveraging WIPO's Geneva infrastructure. GI product clusters are recommended to anchor the Aspirational District program in underdeveloped regions and are supported by cluster-infrastructure grants under the Finance Commission framework. Bilateral GI-recognition agreements should be expanded to include ASEAN, AfCFTA, and Latin American partners. The macro-targets of USD 20 billion in GI exports by 2035 and USD 50 billion by 2047 are ambitious but, based on comparative evidence, are plausibly achievable.

XII. Specific Policy Suggestions to Stakeholders

The GST Council and the Ministry of Finance should prioritize establishing a Technical Expert Group on GI Tax Policy, tasked with drafting the GI-Authenticated Concessional Slab framework and presenting CGST Act amendments within 12 months. The Finance Minister's Budget speech for FY 2026-27 should recognize the GI-TK economy as a strategic asset for Viksit Bharat and announce the timeline for TKVF legislation. The CBIC should issue a circular clarifying the GST treatment of GI certification, legal-protection expenditures, and GI-related R&D, and confirm that GI-tagged products under the 5% slab are eligible for RoDTEP and LUT benefits without registration thresholds.

DPIIT and the GI Registry should implement several critical reforms, such as accelerating GI registration by reducing the current 18 to 24-month timeline to six months through digitalized examination and AI-assisted prior-art search, utilizing the BioE3 Policy 2024 framework,⁵⁹ create GI-specific producer-organization registration protocols, establish State GI Promotion Councils in all major portfolio states, and finalize bilateral GI protection MoUs with major export destinations. The Class II (Authorized User) registration system, which is currently underutilized, should be actively promoted as the eligibility gateway for the Concessional Slab, thereby transforming a dormant legal provision into an effective mechanism for fiscal differentiation. State governments, especially those with substantial GI portfolios, should develop State GI Economic Missions as single-window facilitation bodies responsible for registration, compliance, market linkage, and export promotion. The 15th Finance Commission's horizontal-equity framework⁶⁰ should be adjusted to direct grants toward the GI-cluster infrastructure in states with high potential but low realization. The cooperative textile-export model in Gujarat and the spice-export cooperatives in Kerala serve as replicable templates.

The judiciary and the Intellectual Property Appellate Board should provide specialized training for judges in GI law and economics to enhance the quality and speed of enforcement decisions. GI infringement should no longer be treated as routine trademark disputes with extended timelines, as the perishable or seasonal nature of many GI agricultural products (such as Alphonso, Banganapalle, and Nagpur orange) renders delayed justice effectively equivalent to denied justice. Specialized GI Benches should be established at major High Courts, following the Commercial Courts model.

For the academic and policy-research community (IIFT, IIM-Bangalore, NLSIU, JNU, MIDS), Section V outlines a comprehensive research agenda: post-September 2025 cluster-level impact assessments, comparative GI-fiscal policy studies involving African Continental Free Trade Area economies, and analysis of the economics of the May 2024 WIPO Genetic Resources Treaty in the Indian context. Institutional commissioning of this research, potentially through the IGCC's annual program, would significantly strengthen the empirical foundation for GST 2.5 and subsequent reforms.

⁵⁹ Supra n. 9.

⁶⁰ Supra n. 57.



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XIII. Conclusion: Tradition as the Infrastructure of Tomorrow

The September 2025 implementation of GST 2.0, particularly Notification 11/2025-CTR's reduction of the handicraft and artisanal goods rate to 5%, constitutes the most significant fiscal intervention supporting India's heritage economy since independence. For the 64.66 lakh artisans, the 658 registered Geographical Indications (GIs) whose authorized users now benefit from a reduced tax burden, and the broader handicraft export sector, which recorded Rs 33,123 crore in shipments during FY 2024-25 despite geopolitical challenges, this rate relief is both unequivocally welcome and long overdue.

However, the September 2025 reforms, while necessary, are not sufficient to achieve the deeper transformation required by the Viksit Bharat @ 2047 vision. The 5% tax slab does not distinguish authentic GI products from imitations. Furthermore, the current framework does not allocate any portion of the tax architecture to traditional knowledge (TK) community benefit-sharing as mandated by the Nagoya Protocol and the WIPO Genetic Resources Treaty. The compliance structure continues to disadvantage cluster-based, women-dominated, low-digital-literacy economies, and the prevailing producer-trader dynamic, which channels most GI surplus to intermediaries, remains unaddressed by the rate reduction.

The GST 2.5 framework outlined in Section VIII addresses these shortcomings through six interrelated pillars. A GI-Authenticated Concessional Slab to address the authenticity gap, a Traditional Knowledge Value Fund (TKVF) to implement benefit-sharing commitments, GI Cluster Compliance Hubs to reduce compliance costs, a reformed Reverse Charge Mechanism for sub-threshold producers, a GI-Linked Export Facilitation Protocol modeled on French AOC and Italian DOP-DOCG standards, and an Inter-Ministerial GI-GST Convergence Council to eliminate policy fragmentation. The phased implementation roadmap spans 2026–2028, 2028–2032, and 2032–2047, with projections indicating that GI exports will expand from USD 4 billion in 2024 to USD 20 billion by 2035 and USD 50 billion by 2047. This trajectory is considered essential for achieving the Viksit Bharat USD 30 trillion target.

The underlying argument is normative. Amartya Sen's framework of development as freedom emphasizes that genuine development entails expanding substantive freedoms, including the ability of communities to pursue lives they value. For Banarasi silk weavers, Madhubani painters, Coorg coffee cultivators, and Pampore saffron farmers, the freedom to maintain traditional livelihoods with dignity, free from excessive compliance burdens, undifferentiated tax treatment, and fiscal policies that overlook their cultural contributions, constitutes a substantive freedom that policy can and should protect. While GST 2.0 initiated this process, GST 2.5 is necessary to fulfill it.

Viksit Bharat @ 2047 will be built not only on digital infrastructure, but also on semiconductor fabrication. The realization of Viksit Bharat @ 2047 will depend not only on advancements in digital infrastructure, semiconductor manufacturing, and renewable energy, but also on the accumulated wisdom of communities that have, for generations, transformed India's natural and cultural resources into objects of beauty, utility, and meaning. Tradition should not be viewed as an obstacle to development, rather, it forms the foundational infrastructure upon which a developed and dignified India can be constructed. A GST framework that acknowledges this reality through substantive policy measures, rather than rhetoric, constitutes not only sound tax policy but also a significant act of civilizational investment.