## GOVERNMENT OF INDIA MINISTRY OF FINANCE DEPARTMENT OF REVENUE RAJYA SABHA UNSTARRED QUESTION NO-229 ANSWERED ON – 19.07.2022

### **GST ON AGRICULTURAL ACTIVITIES**

#### 229. SHRI PRABHAKAR REDDY VEMIREDDY:

Will the Minister of FINANCE be pleased to state:-

- (a) whether implements and machinery exclusively used in agricultural activities attract 12 per cent GST;
- (b) whether other general items used in agricultural activities also attract a GST rate of 12 per cent or 18 per cent;
- (c) if so, the details of each of above items which attract 12 per cent and 18 per cent GST;
- (d) whether there have been demands to bring down GST on above items to five per cent or to zero percent; and
- (e) if so, efforts being made by Ministry in this regard and whether the issue was placed before the GST Council, and, if so, the outcome of deliberations on the same?

#### **ANSWER**

# THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PANKAJ CHAUDHARY)

- (a), (b) and (c): GST rate for implements and machinery used in agriculture sector are as follows: -
  - A. Agricultural implements that are manually operated or animal driven attract Nil GST rate.
  - B. Other items like seeds for sowing are exempt from GST.
  - C. Fertilizers attract GST at a rate of 5%.
  - D. Most other implements and machinery used in agricultural activities attract concessional GST rate of 12%. These include items like:
  - i) Nozzles for drip irrigation equipment or nozzles for sprinklers
  - ii) Sprinklers; drip irrigation system including laterals; mechanical sprayers
  - iii) Agricultural, horticultural or forestry machinery for soil preparation or cultivation
  - iv) Harvesting or threshing machinery, including straw or fodder balers; grass or hay mowers; machines for cleaning, sorting or grading eggs, fruit or other agricultural produce
  - v) Other agricultural, horticultural, forestry, poultry-keeping or bee-keeping machinery, including germination plant fitted with mechanical or thermal equipment; poultry incubators and brooders.
  - vi) Tractors.
  - E. The Standard rate for general use items in GST is 18%.
- (d) and (e): Certain representations have been received regarding reduction in the GST rates on machinery and other items used in agriculture. The GST rates and exemptions are based on the recommendation of the GST Council, which is a Constitutional body comprising of members from the Central and State Governments. As stated above, most items used in agriculture attract GST at a concessional rate. Council has not made any recommendation for further reduction of GST rates on these items.

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