

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE  
**RAJYA SABHA**  
**UNSTARRED QUESTION NO-246**  
ANSWERED ON – 04.02.2025

**GST EXEMPTION FOR DRILLING BOREWELLS**

246. SHRI K.R.N. RAJESHKUMAR:

Will the Minister of **FINANCE** be pleased to state:-

- (a) whether GST exemption for drilling borewells for agriculture as per Section 66D(d)(i) of Finance Act 1994, continued under GST via notification 12/2017-CT(Rate);
- (b) if so, the guidelines/clarifications Government issued to ensure smooth GST exemption implementation, and whether misinterpretations in this regard is leading to undue tax imposition on these services; and
- (c) the steps taken to address such misinterpretations and ensure consistent application of the exemption across country, and whether Government is considering any further measures to simplify the process of availing this exemption for the benefit of farmers and agricultural businesses?

**ANSWER**

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

(a): Services by way of drilling of bore wells for supply of water for the production of any agricultural produce were covered by the scope of the negative list during the Service Tax period in terms of section 66D(d)(i) of the Finance Act, 1994, which read as under:

*Services relating to agriculture or agricultural produce by way of agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or testing*

Services covered by section 66D(d)(i) of the Finance Act, 1994, have also been exempted in the GST period, vide Sl. No. 54(a) of notification No. 12/2017-Central Tax(Rate) dated 28.06.2017, which reads as under:

*Services relating to cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products or agricultural produce by way of agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or testing.*

(b) & (c): Any clarifications under GST are issued based on the recommendations of the GST Council, which is a Constitutional body comprising of members from both Centre and States/UTs. There is no recommendation from the GST Council to issue any such guideline/clarification.

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