

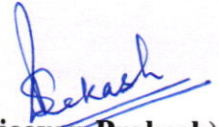
**INDIAN COUNCIL OF AGRICULTURAL RESEARCH  
KRISHI BHAVAN: NEW DELHI**

F.No. FIN/9/7/2007-CDN (A&A)

Dated the 4<sup>th</sup> January, 2019

**ENDORSEMENT**

The Ministry of Finance, Department of Expenditure, has issued D.O. letter F.No.354/130/2018-TRU dated 19<sup>th</sup> April, 2018 regarding exemption/ concessional rate of GST on processed food products, agricultural machinery, food processing machinery, and agricultural R&D. As approved by the Competent Authority, this D.O. letter F.No.354/130/2018-TRU dated 19<sup>th</sup> April, 2018 of Ministry of Finance, Deptt. Of Revenue has been posted on the ICAR Web-Site [www.icar.org.in](http://www.icar.org.in) for necessary action, information, guidance and compliance.



(Sanjeevan Prakash)  
Deputy Director Finance

**Distribution:**

**I ICAR Institutes:**

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2. Project Coordinators/Coordinated Research Projects/Zonal Project Directors.
3. The Finance & Accounts Officers of all Research Institutes, Project Directorates and National Research Centres/Bureaux.

**II ICAR Headquarters:**

1. All Officers/Sections, ICAR, Krishi Bhavan, New Delhi including Krishi Anusandhan Bhavan I & II, NASC, Pusa, New Delhi
2. ADG (CDN)/ADG (PIM)/PD, DKMA.
3. ND, NAIP/Chairman, ASRB
4. NC, NFBSFARA
5. Director(A), ICAR Hqrs./Director (DARE)
6. DS(WS)/US(Cash)
7. Cash-I, II and Audit-II Sections, ICAR, Krishi Bhavan, New Delhi
8. Sr. PPS to Secretary, DARE & DG, ICAR/PPS to Special Secretary, DARE & Secretary, ICAR/PS to AS&FA, DARE/ICAR
9. Incharge, ARIC, Directorate of Knowledge Management Units (DKMU), KAB-I Pusa, New Delhi-12 for placing the above mentioned OM in the ICAR Web-Site.
10. Secretary (Staff Side), CJSC, NRC on Meat, Hyderabad.
11. Guard file.
12. Spare copies-10.





DO F. No.354/130/2018- TRU

19<sup>th</sup> April, 2018

Dear Mr. Mohapatra,

Kindly refer to your letter dated 2<sup>nd</sup> April 2018, regarding exemption/ concessional rate of GST on processed food products, agriculture machinery, food processing machinery, and agricultural R&D.

2. I have had the issue examined. As per Article 279 A (4) of the Constitution, the GST rate structure is fixed based on the recommendations of the GST Council. The Council has recommended GST rate on goods, keeping in view the pre GST tax incidence. The GST rates, in general on the agriculture items (aquatic, dairy and crops), processed food items and agriculture machinery, are provided in Annexure A.

2.1 It may be seen that fresh agriculture produce are generally exempt from GST. Further as recommended by the GST Council, the general GST rate on processed food items has been reduced from the earlier 18% to 12%. While machinery, automobiles and industrial equipment, in general attract GST rate at 28% /18%, agricultural, horticultural or forestry machinery attract a lower GST rate of 5% or 12%.

2.2 Thus, many of the inputs, implements and machinery for agriculture already attract a GST rate of 12%. Any further reduction would result in tax inversion and even if refund of unutilized input tax credit is allowed in GST, too low a rate will put domestic goods at a disadvantage vis-a-vis imports, and thus would not be advisable.

2.3 Further, for the benefit of farmers, services pertaining to agriculture are already exempted under GST. List of such services, exempted under GST is given in Annexure-B.

2.4 It may be seen that services provided by ICAR and agricultural universities and research institutions by way of dissemination of findings of R&D activities are exempt. If there are any R&D services which ICAR or research institutions supply to business entities (such as seed and agrochemical companies), the same are taxable. GST is an indirect tax and the incidence is borne by the business entity which is eligible to take input tax credit of the same.

2.5 Further, it is a conscious policy of the Government to minimize exemptions under GST. Exemptions break input tax credit chain, distort the tax structure and lead to erosion



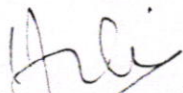
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of revenue. Exemption would block the input tax credit of the service provider which would stick as a cost to them and in turn to the farmer. First point tax exemption is a poor practice and leads to leakage. Such exemptions to non-specific services which may be difficult to define would be prone to misuse.

3. In view of the discussion above, it would not be feasible to accede to the request for exemption or concessional rate of GST.

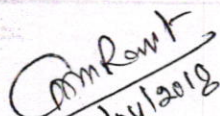
With regards,

Yours sincerely,

  
(Hasmukh Adhia)

Sh. Trilochan Mohapatra,  
Secretary,  
Department of Agricultural Research & Education  
& Director General Indian Council of Agricultural Research,  
Ministry of Agriculture & Farmers Welfare,  
Krishi Bhavan,  
New Delhi 110001

Encl:As above

  
24/01/2018



**GST rates, in general on agriculture items, processed food items and agriculture machinery,**

S. No.	Description	GST Rate
1.	Cereals and Products	Nil/ 5%*
2.	Seeds of Cereals, Fruits, Vegetable etc.	Nil
3.	Meat and Fish	Nil/5%*
4.	Egg	Nil
5.	Fresh milk and pasteurised milk, including separated milk,	Nil
6.	Curd; Lassi; Butter milk	Nil
7.	Ultra High Temperature (UHT) milk	5%
8.	Milk and cream, concentrated or containing added sugar or other sweetening matter, including skimmed milk powder,	5%
9.	Cream, yogurt,	5%
10.	Condensed Milk	12%
11.	Butter and other fats (i.e. ghee, butter oil, etc.) and oils derived from milk, dairy spreads.	12%
12.	Fresh Fruits	Nil
13.	Fresh Vegetable	Nil
14.	Pulses and Products	Nil/ 5%*
15.	Jaggery/ khandsari sugar	Nil
16.	Khakhra, plain chapatti or roti, Pizza bread, Rusks, toasted bread and similar toasted products etc.	5%
17.	Roasted Gram, idli/dosa batter, chutney powder	5%
18.	Sweetmeats	5%
19.	Namkeens, bhujia, mixture, chabena and similar edible preparations in ready for consumption form	5%/12%*
20.	Jams, fruit jellies, marmalades, fruit or nut purée and fruit or nut pastes, Sauces and preparations therefor, mixed condiments and mixed seasonings;	12%
21.	Fertilisers	5%
22.	Agricultural implements manually operated or animal driven i.e. Hand tools, such as spades, shovels, mattocks, picks, hoes, forks and rakes; axes, bill hooks and similar hewing tools; secateurs and pruners of any kind; scythes, sickles, hay knives, hedge shears, timber wedges and other tools of a kind used in agriculture, horticulture or forestry	Nil



23.	Machines for cleaning, sorting or grading, seed, grain or dried leguminous vegetables; machinery used in milling industry or for the working of cereals or dried leguminous vegetables other than farm type machinery and parts thereof	5%
24.	Milking machines and dairy machinery.	12%
25.	Tractors	12%
26.	Power driven pumps primarily designed for handling water, namely, centrifugal pumps (horizontal and vertical), deep tube-well turbine pumps, submersible pumps, axial flow and mixed flow vertical pumps	12%
27.	Agricultural, horticultural or forestry machinery for soil preparation or cultivation; lawn or sports-ground rollers	12%
28.	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	12%
29.	Milking machines and dairy machinery	12%
30.	Other agricultural, horticultural, forestry, poultry-keeping or bee-keeping machinery, including germination plant fitted with mechanical or thermal equipment; poultry incubators and brooders	12%

\* Cereals, Meat, Fish, Pulses, Namkeens etc. put up in unit container and bearing a registered brand name; or bearing a brand name on which an actionable claim or enforceable right in a court of law is available attracts 5% GST(12% in case of Namkeens). However, if the brand name or trade name is not registered or if actionable claim or enforceable right in respect of such brand name has been foregone voluntarily, the GST rate is Nil (5% in case of Namkeens)..



## Annexure B

## List of services pertaining to agriculture, exempted under GST

- I 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—
- (a) agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or testing;
  - (b) supply of farm labour;
  - (c) processes carried out at an agricultural farm including tending, pruning, cutting, harvesting, drying, cleaning, trimming, sun drying, fumigating, curing, sorting, grading, cooling or bulk packaging and such like operations which do not alter the essential characteristics of agricultural produce but make it only marketable for the primary market; \*
  - (d) renting or leasing of agro machinery or vacant land with or without a structure incidental to its use;
  - (e) loading, unloading, packing, storage or warehousing of agricultural produce;
  - (f) agricultural extension services;
  - (g) services by any Agricultural Produce Marketing Committee or Board or services provided by a commission agent for sale or purchase of agricultural produce.
  - (h) services by way of fumigation in a warehouse of agricultural produce.
- II Services by way of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labelling of fruits and vegetables which do not change or alter the essential characteristics of the said fruits or vegetables.\*
- III Carrying out an intermediate production process as job work in relation 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.
- IV Agricultural extension services [Agricultural extension has been defined in para 2(c) of the notification No. 12/2017-CT(R) to mean application of scientific research and knowledge to agricultural practices through farmer education or training]
- V Services provided by the National Centre for Cold Chain Development under the Ministry of Agriculture, Cooperation and Farmer's Welfare by way of cold chain knowledge dissemination.

\* Services at I (c) and II mentioned above include services involved in food processing.



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BOOK (ACKNOWLEDGMENT BOOK)

Sl. No.	Month & Date	Name & Address	Content	By whom Delivered	Acknowledgment
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By Hand  
24/04/2018  
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Shri Trilochan Mohapatra. DOF. No. 354/130/2018-TRU  
Secretary

Department of Agricultural Research & Education,  
& Director General Indian Council of Agricultural  
Research,  
M/o Agriculture & Farmers Welfare,  
Krishi Bhavan,  
New Delhi - 110001

24/4/18

Office of Secretary, DARE &  
Director General, ICAR  
Govt. of India  
Ministry of Agriculture  
Krishi Bhavan, New Delhi