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Dr. Kalyan B. Goswami
Executive Director



NSAI/2017/038

Date: 01.05.2017

Dr. Hasmukh Adhia
Secretary (Revenue)
Department of Revenue
Ministry of Finance
New Delhi



Dear Sir,

Subject: Requesting Department of Revenue to keep Agriculture Seeds, Seedlings , Planting materials including Spice Seeds , Seeds of oilseeds (for sowing purpose) in the Negative List under the proposed GST Act

References:

1. NSAI Letter to Joint Secretary (Seeds), dated, 26.12.2016
2. NSAI Letter to Union Minister for Finance & Chairman, Empowered Committee of State Finance Ministers, dated, 22.11.2016
3. Copies of the letter to Finance Minister of states from State Seed Associations and Seed Industry.
4. NSAI letter to Secretary Revenue dated, 15.09.2016
5. NSAI letter to Chairman Central Board of Excise and Customs, dated, 15.09.2016
6. NSAI letter to Union Minister for Finance and Chairman Empowered Committee of State Finance Ministers, dated, 16.08.2016
7. Copies of the State Seed Association Representation letter to Member Secretary
8. NSAI letter to Member Secretary of Empowered committee, dated, 29.06.2016.
9. NSAI letter to Chairman GST, dated, 21.06.2016
10. NSAI letter to Member Secretary of Empowered committee, dated, 11.01.2016
11. Reply of finance Minister to Agriculture Minister, dated, 22.12.2015
12. Recommendation letter from Minister for Agriculture to Finance Minister, dated, 07. 12.2015
13. NSAI letter to Union Minister for Agriculture, dated, 01.12.2015
14. NSAI letter to Union Minister for Finance, dated, 31.07.2015

Greeting from NSAI!!

This is with reference to the Model GST Law/Draft/June-2016 and our earlier representations on the above subject.

We would respectfully like to bring to your kind notice that the **distribution of quality seeds and planting materials has not attracted any form of CST, State sales tax or VAT** so far. We would like to request you to recommend GST Council, so that the same situation continues in the GST Bill. We understand that there is going to be a Negative List in the proposed GST Act, containing items that will not be affected by GST and that can be transported anywhere within the country, free of any tax burden.

Since quality seeds and planting materials are so essential to any agricultural activity, it is only fit and proper that they should not be burdened by any tax whatsoever during inter-state, and even, intra-state movement, as that would inevitably raise the prices at which they will be made available to the farmers.

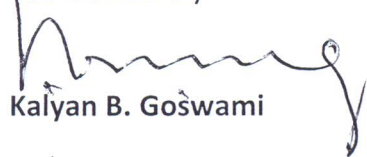
In view of the above, NSAI would humbly request you to advice the GST Council to kindly include the following proposals in the GST Act:

- To keep seeds, seedlings and planting materials including that of oilseeds, spice crop seeds used for sowing purposes in the Negative List of the GST Act;
- To allow zero-rating benefit which would allow seed companies to claim credit/ refund of GST incurred on expenses (so that additional taxes on these expenses do not increase the cost) which would consequently lead to zero rated supplies to farmers.

In effect, what we are requesting for is continuation of the status quo as at present when GST Bill gets enacted and the GST regime sets in. Since the Central Government and all states have been completely exempting seeds from the levy of any tax whatsoever during intra- and inter-state movement, the same practice should be continued under the GST regime.

Thanking you in anticipation of getting your support & guidance.

Yours sincerely



Kalyan B. Goswami