

Dr. Kalyan B. Goswami  
Executive Director

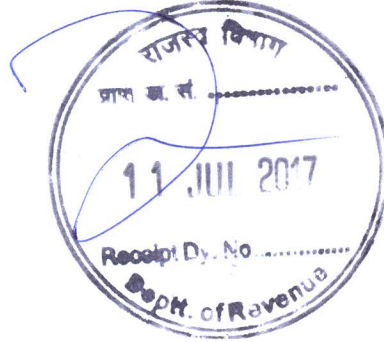
of  
11/11/17



Ref. NSAI/2017/071

July 11, 2017

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



AS  
11/7/17  
S/S to AS AD

Dear Sir,

**Sub: Request for clarifications on product description.**

**Ref: NSAI letter to Secretary (Revenue) dated 4<sup>th</sup> July 2017 and other letters on the same subject.**

Greetings from NSAI!!

We understand, as explained earlier that the intention of the Govt. of India is to exempt from the levy of GST all seeds, seedlings and planting material like tubers, roots etc., as continuation to the existing policy under the diverse taxes like VAT, Market Cess, Central Excise etc. Due to the adoption of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), there are certain confusions that are arising after the Implementation of the GST due to which the seeds of cereals are appearing as though taxable @5%.

Due to the above in the exemption notification issued under GST vide Notification No. 02/2017 dated 28<sup>th</sup> June 2017, the said exemption list covers "all goods of seed quality" under Chapter 9 and Chapter 12 only.

For instance, the said exemption list does not cover all good of seeds of quality pertaining to cereal crops under Chapter 10 which includes seeds of important crops such as rice, paddy, maize and other important cereals seeds (since as explained in the earlier representation seeds are essentially packed with the brand name of the company to facilitate the farmers identify the genuine source of the quality seed supply as well as to meet the mandatory labelling requirements under the Seeds Act,1966), similarly seeds for sowing purpose needs to be covered in chapters 6 to 14 which includes vegetable crops, spice crops (chilli, coriander etc), root crops, potato etc. The lists of crops under chapters 6 -14 are annexed as Annexure-1.

However, under GST reference has been made to Customs Tariff which is creating chaos on classification, resulting in exemption of few goods of seed quality while others remain under the tax though the intention of the Government may not be the same. It is pertinent to note that though India produces more than 95% of the domestic seed requirement, a few crop seeds are occasionally imported. Due to the same confusion under the Customs Tariff Act, 1975, the seeds of spices were being levied with a import duty contrary to the intentions of the Govt. of India. This was also represented to the Ministry of Agriculture & Farmers Welfare by NSAI with a request not to levy any import duty on seeds imported for sowing purposes. The Ministry of Agriculture has already recommended favorably to the Ministry of Finance for the exemption

909, SURYA KIRAN BUILDING, 19, KASTURBA GANDHI MARG, NEW DELHI- 110001 (INDIA)

Phone: +91-11-43533241-43, +91-11-43533246 (D) Fax: +91-11-43533248

E-mail: kalyan.goswami@nsai.co.in, Website: www.nsai.co.in

