

Dr. Kalyan B. Goswami
Executive Director



Ref. NSAI/2017/074

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



Dear Sir,

Subject: Request for clarifications on product description / clarification under GST so as to remove ambiguity on exemption from levy of GST on seeds for sowing purposes as intended by the Government.

Reference: 1. NSAI Letter No. NSAI/2017/068, dated, 03.07.2017
2. NSAI Letter No. NSAI/2017/071, dated, 11.07.2017

This is with reference to our earlier representations submitted to you for clarification on products description / clarification under GST. As you are aware our country has got highly diversified agriculture with hundreds of crops needing seeds and planting materials which includes bulbs, tubers, roots, stems, grafts, root stocks, seedlings etc. Unfortunately instead of creating one entry for seeds putting together all seeds and planting material used for sowing purposes under Nil rate category the tax schedule under GST is complex with multiple chapters covering crops from chapter 6-14.

We understand, as explained earlier that the intention of the Govt. of India is to exempt all seeds, seedlings and planting material like tubers, roots etc., from the levy of GST 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 the above, in the exemption notification issued under GST vide Notification No. 02/2017 dated 28th June 2017, the said exemption list covers "all goods of seed quality" under Chapter 9 and Chapter 12 only. The said exemption list does not cover all goods of seeds of quality, seedlings, saplings, and planting material pertaining to other agricultural crops covered under the chapter 6, 7, 10 and 14.

Chapter	Description of goods	Seeds included	Exempted
6	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	No	No
7	Edible vegetables and certain roots and tubers	No	No
9	Coffee, tea, mate and spices	Yes	Yes
10	Cereals	No	No
12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	Yes	Yes
14	Vegetable plaiting materials; vegetable products not elsewhere specified or included.	No	No

In view of the above ambiguity, we would like GST council, to incorporate a line stating **"All goods of seed quality"** under NIL categories in **Chapter 6, 7, 10 & 14** also as clarified in Chapter 9 and 12. As a number of seeds and propagating material are not categorized in any of the chapter under GST classification. Example tobacco seeds. So, we would also like to request GST Council to give a clarification by way of additional notes to exemption list or separate notification, further in GST Rules that **"All seeds, seedlings, saplings, planting material (tubers, roots etc) of seed quality, which are not covered in any of the chapter under GST will come under the NIL category in GST rates"**.

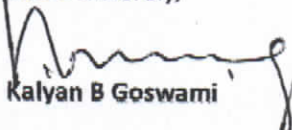
Customs Tariff Act, 1975 covers crops in different chapters, while seeds have been specified in many of the chapters the same was missing in GST. (Annexure of Customs Tariff Act related to seeds enclosed).

We would also like to humbly bring to your kind notice that Service related to agricultural produce are being exempted under GST and the definition related to agricultural activities include "process carried out at an agricultural farm including tending, pruning, cutting, harvesting, drying, cleaning, trimming, sun drying, fumigating, curling, 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." Activities carried for seed processing such as drying, cleaning, fumigating, sorting, grading and cooling further the processed seeds are packed as per Seed Act requirement and such operations do not alter the essential characteristics of agricultural produce (seeds) and sold to farmers, as all above activities are covered under activities related to agriculture, in view of above definition request to clarify that **"seeds for sowing purpose"** are covered under agricultural produce.

We further request you that such exemption may be provided at earliest to ease out farmers from liability to pay GST on their seeds procurements and such change should be made effective from 1-07-2017 to avoid future litigations.

Thanking You,

Yours sincerely,



Kalyan B Goswami

C.C:

1. Dr. Ashok Dalwai, Additional Secretary, Dept. of Agriculture, Cooperation and Farmers Welfare, Govt. of India, New Delhi
2. Dr. B Rajender, JS, Seeds, Dept. of Agriculture, Cooperation and Farmers Welfare, Govt. of India, New Delhi
3. Mr. Seetharam Reddy, Advisor (Trade), Dept. of Agriculture, Cooperation and Farmers Welfare, Govt. of India, New Delhi