

Dr. Kalyan B. Goswami
Executive Director



Ref. NSAI/2017/068

Date: 03.07.2017

To,

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



Dear Sir,

Subject: Seeds for Sowing Purpose - Requesting for certain necessary clarifications and provisions in the GST Act and Rules, Circulars , Guidelines

Greetings from National seed Association Of India (NSAI) !!

We the Apex Seed Industry Association, express our gratitude for keeping “seeds for sowing purpose” under nil-rated goods and thereby exempting the same from GST in continuation of the provisions in the existing Market Cess under APMC, VAT and Excise Acts. This is in continuation to the recommendation of the National Commission on Agriculture to exempt all seeds used for sowing purposes from the levy of taxes, which add to the cost of the seed and introduce an element of disparity in the sale price of the seed from place to place so as to encourage quality seed usage by the farmers. **Because of this recommendation, seeds have always been exempted from octroi, sales tax, excise duty, market cess etc throughout the country.**

With reference to the implementation of GST in the country from July 1, 2017, we would respectfully like to bring to your kind notice the following issues with regard to **seed industry**:

1. Zero-rating the “seeds for sowing purpose”

We request that zero-rating the “seeds for sowing purpose” would allow us to claim input tax credit or refund of GST incurred by us on procurement of goods and services so that such tax on the inputs does not increase our overall cost of product and would consequently lead us to passing on the benefits of reduced taxes to farmers by lowering the prices so as to encourage the farmers to use quality seeds for doubling their incomes as per the vision of the Hon'ble Prime Minister.

Alternately, towards achieving the same goal of reducing the costs of seed production, the exemption from reverse-charge mechanism under GST for seed industry may be considered.

As per sub-section (3) or (4) of section 9 of CGST Act & SGST Act and sub-section (3) or (4) of section 5 of IGST Act, there is liability on the recipient to pay GST under reverse-charge mechanism.

