

GOVERNMENT OF INDIA
MINISTRY OF COOPERATION

RAJYA SABHA
UNSTARRED QUESTION NO. 1123
TO BE ANSWERED ON 10th DECEMBER, 2025

IMPACT OF GST RATIONALISATION ON COOPERATIVES

1123. SHRI SUBHASH BARALA:
SHRI NARHARI AMIN:
SHRI DEEPAK PRAKASH:
SHRI NARESH BANSAL:
SHRI KESRIDEVSINH JHALA:
SHRI MAYANKKUMAR NAYAK:
SMT. MAYA NAROLIYA:
SHRI HARSH MAHAJAN:
SMT. KIRAN CHOUDHRY:
DR. MEDHA VISHRAM KULKARNI:

Will the Minister of COOPERATION be pleased to state:

- (a) Whether the Ministry has examined the likely implications of the recent GST rationalisation on cooperatives engaged in dairy, food processing, agriculture and rural enterprises;
- (b) If so, the details thereof;
- (c) Whether any assessment has been undertaken regarding the expected impact of the revised GST rates on the incomes of members of dairy cooperatives, farmer cooperatives and self-help groups involved in processing and value addition; and
- (d) If so, the details thereof?

ANSWER

THE MINISTER OF COOPERATION
(SHRI AMIT SHAH)

(a) to (b): The impact of recent GST rationalisation on cooperatives, particularly those operating in the dairy, food processing, agriculture and rural enterprises sectors throughout the country is as follows:-

Dairy Sector

- i. The GST on Milk & Paneer has been made 'nil' and the GST on Butter, Ghee, Cheese, Milk cans etc. has been reduced from 12% to 5%.
- ii. The likely impact of the revised GST rates on dairy cooperatives are as follows:-

- Direct boost to dairy farmers by making their products more competitive.
- The consequent reduction in prices of milk and dairy products will lead to increase in demand thereby increasing the revenue of dairy cooperative societies.

Food Processing

i. The GST on majority of food items have been revised to 5%. For instance GST on Jams and jellies, Fruit pulp, Fruit juice-based drinks, chocolates, corn flakes, Ice creams, Pastry, cakes, biscuits etc. have been reduced from 12/18% to 5%.

ii. The likely impact of the revised GST rates on **Food Processing** are as follows:-

- Lower rates will boost the demand for the said products thereby increasing the revenue of cooperatives in the food processing sector.

Agriculture and Rural Enterprises Sector

The GST on fertiliser inputs such as Ammonia, Sulphuric Acid, Nitric Acid has been reduced from 18% to 5% and the GST on many Bio-Pesticides & several Micronutrients have been reduced from 12% to 5%. Further, the GST on tractors below 1800 cc capacity has been reduced to 5% and the GST on tractor components such as tyres ,tubes and Hydraulic pumps etc. have been reduced to 18% to 5%.

ii. The likely impact of the revised GST rates on the cooperatives engaged in Agriculture and Rural Enterprises Sector are as follows:-

- Reduction of input cost for fertilizer companies leading to reduction in fertilizer prize.
- Timely availability of affordable fertilizer.
- Availability of affordable biobased inputs encouraging farmers to shift from chemical pesticide to bio pesticide thereby improving soil health and crop quality.
- Direct benefit to small farmers and FPOs.

(c) to (d): The reduction in GST rates is expected to enhance the competitiveness of cooperative products in the unorganised sector, leading to an increase in the market share of cooperative brands and strengthening consumer trust and food safety. Higher sales and improved margins are likely to enable cooperatives to generate additional surplus, which is expected to be passed on to members through higher procurement prices. For instance, presently about 80% of the consumer prices is passed on to dairy farmers, which is expected to rise to around 85% as a result of the GST rationalisation.

Improved price competitiveness is expected to increase demand which is likely to encourage informal producers and women-led self-help groups to link with cooperatives, thereby providing better market access and resulting in improved income opportunities for self-help groups in all the States/UTs.
