

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
UNSTARRED QUESTION NO.2662
TO BE ANSWERED ON MONDAY, MARCH 17, 2025

GST HIKE ON AGRICULTURAL PUMP-SETS

2662. SHRI SELVAGANAPATHI T.M.:

Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that the manufacturers of the agricultural pump-sets have been badly hit during the last three years due to the hike in the Goods and Services Tax rates on their product;
- (b) whether it is also a fact that the sales of pump sets has been slided by 10% of the total agriculture pump sets sales after the introduction of 12% GST;
- (c) whether it is also true that the pump set manufacturers had problems in claiming refund of input tax credit as the rate of GST has been increased to 18% from 12%; and
- (d) if so the steps proposed to be taken by the Government in this regard?

ANSWER
MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a): A reference received from manufacturers association has stated that increase in GST rate from 12% to 18% on water pump sets has led to reduction in sales by organized pump manufacturers.

(b): No such information has been brought to the notice of Central Government.

(c) & (d): GST rates are prescribed based on the recommendation of the GST Council which is a constitutional body comprising of representatives from Union and State Governments/UTs. The GST Council in its 47th meeting, held in June 2022, accepted the recommendation of the Group of Ministers on Rate Rationalization to increase the GST rate from 12% to 18% to correct inversion in duty structure. Since, the GST rate on both pumps and their parts are at 18%, the issue of refund does not arise.
